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FOREWORD

In an international situation of intense quest, dispute, but also anguish for the future, the TEI of Peloponnese participates in the ambivalent economic scene, organizing the first "International Conference of Development and Economy". Participate in the search and in persistent and painstaking work of scientists and researchers in the field of Economics and the need for themselves, to express their opinions, scientific findings and their suggestions.

The TEI of Peloponnese - a regional institution of higher education in Greece, in the heart of the Peloponnese -actively participates in national and international level, in the areas covered in the disciplines of its scientific fields. The organization of this Conference is part of our outreach policies and the search for new partnerships in the international arena.

I would like to express my congratulations to the Organizing Committee and especially to the fellow Professor D. Petropoulos, on the initiative of the organization and the excellent preparation of the Conference

I wish you every success in your work.

Prof. Dimitris Velissariou

Rector

TEI of Peloponnese

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THE USE OF SOCIAL MEDIA BY NON-GOVERNMENTAL ORGANIZATIONS IN KOSOVO AS A COMMUNICATION TOOL WITH THEIR PUBLIC

Delibashzade R1, Fejza V2, Ukaj F3

[1]PhD Student in Marketing Science, University of Prishtina "Hasan Prishtina", Faculty of Economics, Prishtina, Kosova. E-mail: ***rezarta.d@gmail.com***
[2]PhD Student in Marketing Science, University of Prishtina "Hasan Prishtina", Faculty of Economics, Prishtina, Kosova. E-mail: ***vjosa.fejza@gmail.com***
[3]Prof. Asoc. Dr. of Marketing Science, University of Prishtina "Hasan Prishtina", Faculty of Economics, Prishtina, Kosova. E-mail: ***fatosuk@yahoo.com***

Abstract

Nowadays, almost every organization uses the internet to communicate with their clients and their interested public in general. However, of the manifold opportunities offered by the internet for communication, it seems that social media has found a wide use by different organizations and institutions, because they are providing opportunities for interaction and also they are facilitating the process of targeting and communicating their geographically dispersed public. Based on this fact, has seemed reasonable to address in this paper the use of social media by non-governmental organizations in Kosovo as a communication tool with their public.

The first part of this paper is characterized by literature review of different authors, due to understand the role and the importance that the use of social media has for different organizations and institutions to communicate with their actual and potential public.

While in the second part of the paper, a survey has conducted via questionnaire technique, where were surveyed 30 Non-Governmental Organizations (NGOs) which operate in Kosovo. The main purpose of this research was to understand how much do NGOs in Kosovo use social networks to communicate with their actual and potential public, the reason why do they use them, and to understand if the use of social media has any impact to their success.

Finally, from the collected and analyzed data derived from the theoretical and practical field of this paper, conclusions and recommendations were issued which may be useful as for surveyed NGOs in this study as well as for other NGOs which operate the same or similar activity to them.

Keywords: Social Media, Facebook, Twitter, Website, NGOs.

1. Introduction

If it took a long time in the past (days, week, months, and years) to get certain information, nowadays one would get hold of them in few seconds. This era provided marketing experts with new ways to get information about their clients. According to Armstrong and Keller[i], by a single click they may obtain information regarding preferences of their clients, which sites them like, what kind of car they possess, even what flavor of ice cream they like.

Social media may be defined as electronic communication with a user developing an online community (social group) to exchange ideas, information, messages, photos, videos and other contents. This media depend on website based technology, whereby this platform as carried out the aforesaid exchanges.

According to Stoke[ii], social media platforms (written or visualized), at the time of technological "boom" appear on various platforms are summarized as follows:

- Social network websites– Facebook, Google Plus, Cafe Mom, Fitsugar;
- Micro-discussion websites (Blogging) - Twitter, Tumblr, Posterous; Publication media websites - WordPress, Blogger, Squarespace;
- Cooperation tools websites - Wikipedia, WikiTravel, WikiBooks; Assessment and review websites - Amazon ratings, Angie's List; Photograph exchange websites - Flickr, Instagram, Pinterest;
- Video-sharing websites- YouTube, Vimeo, Viddler, etc.

According to same authors, social media are media (from print ones to the visual and audio ones) which are designed for dissemination. Dissemination media implies that it is to be comment on, to be delivered and copied, and also it does involve high costs. And, given the interrelated nature of internet, it implies that altogether, such as distribution, commenting and viewing (observation) may be tracked and measured. All these kinds of social media may be used by any individual, business entity or institution, either as separate or in combination with one another in order to achieve their goals easier, more quickly and in a cheaper manner.

1.1 The role of online platforms

Marketing managers to take a decisions or to solve the problems, to implement programs and various strategies, its one key factor, information. The information must be relevant to the time we need, to be accurate, and to reduce dilemma of deciding. Given this, they use the tools and techniques of market research, whether classical or online, to generate any kind of information we need. According to Kotler and Keller[iii], marketing research are design of systematic collection, analysis, and reporting of findings for certain position where company/organization is.

Also, according to data obtained by different authors literature, has been managed to make a comparison between these two types of searches by listing the benefits and disadvantages that each of their businesses.

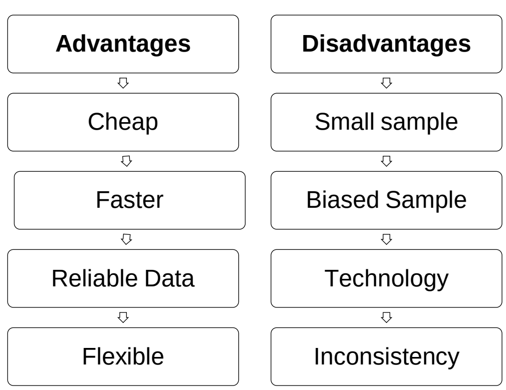


Figure 1: Advantages & Disadvantages of Social

To be practical on paper, has been conducted an online research through questionnaire surveys technique, where we surveyed a group of non-governmental organizations in Kosovo regarding the level of accessibility of social media in the work they perform.

Methods and Methodology

For the first part of the paper data were collected from secondary sources, such as literature by different authors, publications in scientific journals, as well as several articles and writings in various other portals. These data and information collected has been served by the method of analysis and description, to examine and develop conclusions. Compare methodology has been used from the data obtained by different authors literature, definitions and concepts. All this work is done by comparison to reach the concept, the idea and the best process of realization the online market research, which in our country, not all companies apply.

In the second part of the paper has been used quantitative methods of data collection. For this study has been conducted a survey through an online questionnaire (https://www.surveymonkey.com) non-Governmental Organization on how they use social media. The ideal number of a sample is ranging from 30 to 500 (Sakaran, 2003). In this paper, the number of NGOs which were analyzed was 30. The data obtained from this research online, have served as important variables to validate some of the working hypotheses.

The method of synthesis, induction and generalization, were used in third parts of paper, were all practical research material was elaborated, analyzed and carefully given the conclusions.

2.1 Data processing

The Statistical Package for Social Sciences (SPSS) was used to extract various tables and different statistical tests were applied, such as the coefficient of Pearson correlation, showing the strength of connections between variables studied, and the multivariable regression analysis used to test hypotheses H1 to H4.

2.2 Determination of hypotheses

From the literature that has been reviewed above, were determined those hypotheses:

H1 – The use of Social Media by NGOs would increase their targeted audience;

H2 – Duration of use of social media by NGOs would have a direct impact on increasing of their targeted audience.

H3 – The number of likes/ follows that NGOs have reached through using social media, indicates the level of increasing of their targeted audience;

H4 – The reason why NGOs are using social media do not have a direct impact on increasing of their targeted audience.

Results of the Case Study

To make an online search, certain requirements must be defined to achieve the desired result. First of all is access to platforms which gives spaces for online questionnaire, which questions are open, which will have more than one choice, and that have a single choice, so the form to be filled in a right way. This stage is very important that every online instrument has its own characteristics.

The reason why we chose specifically civil society is that a good part of the youth and middle age citizens, now are following all the activities of these organizations through social media. So starting from this hypothesis, we wanted to verify if it is verified and how it manages this process. After drafting the questionnaire online, selected organizations has participated in this online research. For this market research, the questionnaire was sent to more than forty organizations whose are part of the Civikos[iv] platform, which has an extensive database of non-governmental organizations. Collected answers are from 30 organizations from all around Kosovo.

The level of knowledge of NGOs about social media					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High	22	73.3	73.3	73.3
	Mediate	8	26.7	26.7	100.0
	Total	30	100.0	100.0	
Do the NGOs use the social media?					
		Frequency	Percent	Valid Percent	Cumulative Percent
	YES	25	83.3	83.3	83.3
Valid	Sometimes	5	16.7	16.7	100.0
	Total	30	100.0	100.0	
How long have they been started to use social media?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 6 months	2	6.7	6.7	6.7
	1-3 years	16	53.3	53.3	60.0
	More than 3 years	12	40.0	40.0	100.0
	Total	30	100.0	100.0	

Table 1: Knowledge and period of using Social Media

As we see from above table, the level of knowledge of about social media in high level is 73.3% and medium 26.7%, which allows us to say that almost all organizations are aware of new online social platforms. And in following question, 83.3% of them use this platform in regular basis, followed by 16.7 of the who uses sometimes.

Around 53.3% of organizations are using this tools for three years now, 40% of them more than three years, and 6.7% of them less than six months.

Based on questions above, most of organizations are using social media in regular basis for three years now.

Which kind of Social Media do they use?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Facebook	22	73.3	73.3	73.3
	Twitter	8	26.7	26.7	100.0
	Total	30	100.0	100.0	

How many likes/ follows do they achieve in their official accounts in the social media?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 - 100	4	13.3	13.3	13.3
	101 - 200	4	13.3	13.3	26.7
	201 - 300	2	6.7	6.7	33.3
	301 - 400	3	10.0	10.0	43.3
	401 - 500	3	10.0	10.0	53.3
	mbi 500	14	46.7	46.7	100.0
	Total	30	100.0	100.0	

Which is the main reason you use the social media?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To target and communicate with their target audience	11	36.7	36.7	36.7

To affirm their NGO in the general public	19	63.3	63.3	100.0
Total	30	100.0	100.0	

Table 2: Kind of Social media, Followers and main reasons

As it seen in table above, at the question "*which kind of Social Media do they use?",* most of organizations use the Facebook tool with 73.3%, followed by Twitter with 26.7%.

From thirty organization that has been questioned how many followers they have in their Facebook accounts, 46.7% of them has more than 500 followers. Eight organizations has between 100-200 likes on their Facebook page. It's important for non-governmental organizations to use social media as we see from results where 63.3% of them use their online platforms to affirm their organizations in the general public. Also 36.7% of them use to target and communicate easily with their audience which includes the citizens, professors, media representatives, political parties, decision-makers, etc.

Who is the responsible person for managing the official account of your NGO in the social media?					
		Frequency	Percent	Valid Percent	Cumulative Percent
	The executive Director	3	10.0	10.0	16.7
	The project manager/ managers	11	36.7	36.7	53.3
	The IT Officer	1	3.3	3.3	56.7
	The information and media officer	13	43.3	43.3	100.0
	Total	30	100.0	100.0	
The level of using social media is:					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very easy	11	36.7	36.7	36.7
	Easy	18	60.0	60.0	96.7
	Moderate	1	3.3	3.3	100.0

	Total	30	100.0	100.0	
While you are using social media as a communication tool, your audience is:					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increased significantly	8	26.7	26.7	26.7
	Slight increased	22	73.3	73.3	100.0
	Total	30	100.0	100.0	

Table 3: Responsibility and level of using of social media

It's important that these day companies and organizations are aware for benefits of using social media tools. Working with these platforms requires responsibility. But non-governmental organizations do this by combining the accounts of organizations with their personal names, and it's easier to work on this way. As it seen above in table, 43.3% of organizations has engaged information and media officer. Project managers are engaged to use social media platforms are 36.7%. Executive directors also has high percentage, 10.7% on using platforms.

Those who find using social media too easy is around 36.7%, while those who finds it easy is 60%. So they don't have really problems on using them. Following question about the number of followers, have proven us that followers number is increasing in a slightly way, or in 73.3 answers.

3.1 Analysis of Correlation coefficient between variables

The analysis of correlations between two variables is usually used to *depict the direction, nature and significance of bivariate relations among studied variables*[v]. Independent variables in this case are:

1) The level of knowledge of NGOs about social media;

2) Do the NGOs use the social media?;

3) How long have they been started to use social media?;

4) Which kind of Social Media do they use?;

5) How many likes/ follows do they achieve in their official accounts in the social media?;

6) Which is the main reason you use the social media?

Dependent variable: While you are using social media as a communication tool, did the number of your targeted audience change?

The correlation coefficient is an indicator of relations between two variables and can be between -1.00 and 1.00. Values -1.00 and 1.00 show a strong correlation between studied variables, whereas values closer to 0.00 show a poor correlation. Negative values indicate an inverse relation between variables, whereas positive values indicate a direct relation between them.

		The level of knowledge of NGOs about social media	Do the NGOs use the social media?	How long have they been started to use social media?	Which kind of Social Media do they use?	How many likes/ follows do they achieve in their official accounts in the social media?	Which is the main reason you use the social media?	While you are using social media as a communication tool, did the number of your targeted audience change?
The level of knowledge of NGOs about social media	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	30						
Do the NGOs use the social media?	Pearson Correlation	.539**	1					
	Sig. (2-tailed)	.002						
	N	30	30					
How long have they been started to use social media?	Pearson Correlation	-.337	-.250	1				
	Sig. (2-tailed)	.069	.183					
	N	30	30	30				
Which kind of Social Media do they use?	Pearson Correlation	.148	.135	-.337	1			
	Sig. (2-tailed)	.436	.477	.069				
	N	30	30	30	30			
How many likes/ follows do they achieve in their official accounts in the	Pearson Correlation	-.566**	-.396*	.583**	-.448*	1		
	Sig. (2-tailed)	.001	.030	.001	.013			

social media?	N	30	30	30	30	30		
Which is the main reason you use the social media?	Pearson Correlation	.302	.155	-.155	-.010	-.458*	1	
	Sig. (2-tailed)	.104	.414	.414	.956	.011		
	N	30	30	30	30	30	30	
While you are using social media as a communication tool, did the number of your targeted audience change?	Pearson Correlation	.023	.270	-.169	.193	-.259	.167	1
	Sig. (2-tailed)	.905	.150	.373	.306	.166	.378	
	N	30	30	30	30	30	30	30

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4: Correlation

As it is shown in the table above, the variable of the first column, namely “the level of knowledge of NGOs about social media”, has a significant relationship with the variable which relates to the fact if the NGOs use or not social media, with the level of significance equal to 0.002 (lower than the required standard $p<0.05$), and with Pearson correlation coefficient equal to 0.539, which shows a positive moderate correlation between these two variables. Also, there exists a significant relationship with the variable which relates to the number of likes/follows NGOs have achieved in their official accounts in the social media, with the level of significance equal to 0.001 and with Pearson correlation coefficient equal to -0.566, which shows a negative moderate correlation between these two variables. This means that the growth of one variable has an inverse impact to the other one (the other one will reduce), and vice-versa. This fact is confirmed because if an NGO does not have any knowledge about social media, it probably does not use it and when it is not used, it could be impossible to reach likes or follows without having an official account in any kind of social media.

The second column of the table above includes the variable which relates to the fact if the NGOs use or not the social media. This variable is compared with the other variables and from the results, it might be concluded that this variable has a statistical significant relationship only with one variable, which is related to the number of likes/follows NGOs have achieved in their official accounts in the social media, with the level of significance equal to 0.030, and with the Pearson correlation coefficient equal to -0.396, which means that there is a negative moderate correlation between these two variables.

The variable which relates to time when NGOs have started to use social media is part of the third column. As it may be seen, from all analyzed variables, this variable has also a statistical significance relationship only with one variable, which is related to the number of likes/follows NGOs have achieved in their

official accounts in the social media, with the level of significance equal to 0.001, and with the Pearson correlation coefficient equal to 0.583, which means that there is a positive moderate correlation between these two variables. This means that if a NGO do not has started yet to use social media, it is implied there would not exist any likes or follows.

The next column in the table above includes the variable which is related to "which kind of social media do the NGOs use". Comparing to the other variables, it might be concluded that this variable has a significant relationship only with one variable, which is related to the number of likes/follows NGOs have achieved in their official accounts in the social media, with the level of significance equal to 0.013 and with Pearson correlation coefficient equal to -0.448, which shows a negative moderate correlation between these two variables.

Finally, the variable of the fifth column is related to the number of likes/follows NGOs have achieved in their official accounts in the social media. As it seemed in the table above, this variable has a statistically significance relationship with the variable related to the main reason why NGOs use social media, with the level of significance equal to 0.011 and with Pearson correlation coefficient equal to -0.458, which shows a negative moderate correlation between these two variables. This fact might be possible because if an NGO uses a social media for reasons that targeted audience are not interested for, it may lead to a lack number of likes/ follows in its official account and vice – versa.

3.2 Multivariable regression analysis

The multivariable regression analysis was used to analyze what is the effect of independent variables on dependent variables.

- Independent variables are usually marked with "X", including all those discussed and analyzed in the section on correlation coefficients.
- The dependent variables are usually marked with "Y".

The table below, presents the

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.343[a]	.118	-.066	.46436

Table 5: multivariable regression analysis

Below is the table depicting the variance analysis statistical test, the so called **ANOVA**.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.691	5	.138	.641	.670[b]
	Residual	5.175	24	.216		
	Total	5.867	29			

Table 6: ANOVA

The result of independent variables tests, in order to see if they are of any statistical significance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.220	.884		1.381	.180		
	Do the NGOs use the social media?	.246	.249	.208	.992	.331	.838	1.193
	How long have they been started to use social media?	-.017	.178	-.023	-.097	.924	.641	1.560
	Which kind of Social Media do they use?	.134	.224	.134	.600	.554	.734	1.362
	How many likes/ follows do they achieve in their official accounts in the social media?	-.012	.070	-.054	-.178	.861	.397	2.521
	Which is the main reason you use the social media?	.099	.208	.108	.476	.638	.717	1.394

a. Dependent Variable: While you are using social media as a communication tool, did the number of your targeted audience change?

Table 7: Coefficients

Based on these results, it is clear that H1 hypothesis: “The use of Social Media by NGOs would increase their targeted audience” is not valid, since the significance value required by the standard is under $p < 0.05$, whereas in our case the variable significance level resulted to be $p = 0.331$.

Further, hypothesis H2: “Duration of use of social media by NGOs would have a direct impact on increasing of their targeted audience” is also rejected, since the significance value is $p = 0.924$.

Similarly, hypothesis H3: “The number of likes/ follows that NGOs have reached through using social media, indicates the level of increasing of their targeted audience” is rejected, since the significance value is $p = 0.861$.

Hypothesis H4: “The reason why NGOs are using social media do not have a direct impact on increasing of their targeted audience” is confirmed, since the significance value is $p = 638$, which confirms the insignificance relationship between these two variables.

Conclusions

Based on the findings of this paper, the literature quoted in this paper and the survey of 30 Active NGOs which operate in Kosovo, we have concluded that the use of social media is and is going to be the new communication tool of every organization with their targeted audience.

Hence, it is necessary each organization to start learning and using social media to target and to increase their targeted audience.

The results derived from the survey conducted with 30 NGOs of Kosovo, were different from our expectations, since the significance level of every independent variables with the dependent variable was higher the required level of significance ($p < 0.05$).

Based on these facts, as we discussed before, only one of the hypothesis were confirmed. The others were rejected.

This fact may send to a big conclusion that NGOs still do not know the best ways how to use the benefits of social media to increase their targeted audience. They have to work much more on this issue to get much better results in an easy and cheap way.

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CRITICAL SUCCESFUL FACTORS FOR PUBLIC PRIVATE PARTNERSHIPS IMPLEMENTATION IN ALBANIA

ELSA TOMJA (JASHAR)

PhD Candidate, University "Aleksander Moisiu" / Alpha Bank Albania
elsatomja@yahoo.com, etomja@alpha.gr

Abstract:

Public private partnerships are increasingly becoming a popular tool worldwide, seen by the governments as means of providing infrastructure projects. PPP-s are an alternative for realization of the infrastructure projects that could not be undertaken otherwise due to the insufficient government budgets. PPP-s are complex and involve different parties, therefore their implementation is not easy. Therefore, the identification of the key success factors for the successful implementation of these projects is very important. Questionnaire survey research examined the relative importance of eighteen critical successful factors (CSF) in PPP implementation in Albania. Factor analysis revealed that appropriate factor groupings for eighteen CSF-s are: Project implementation, Effective procurement, Favorable economic conditions and Legal and Social Factors.This study aims at developing a new practicalframework to help decision makers both in public and private sectors in selecting the optimum public private partnerships in Albania taking the most important CSFs into account.

Keywords: Public Private Partnerships, Key success factors, Public infrastructure projects

Introduction

Many countries in the world are trying to find newer ways of managing and financing the public assets and services such as roads, airports, telecommunication and power. The traditional way of providing these services to the citizens has been through the use of government, which, in most cases, used to be the sole supplier of these public goods and services(Farlam, P.2005). However, due to limited resources and increased financial obligations faced by national governments, another alternative way is emerging and is through the use of and involvement of the private sector in the financing and management of public goods and services (European Commission, 2003). These arrangements can take various forms ranging from full private participation to semi or quasi participation of the private sector. The latter gives rise to an arrangement called Public-Private-Partnerships (PPPs). PPP s are defined as arrangements where the private sector supplies infrastructure assets and infrastructure-based services that traditionally have been provided by the state (Hemming, 2006).

Since the early 1990s, PPP s have become an important tool in the infrastructure service delivery in both developed and developing countries. In fact, the PPP process means that both the public sector and the private sector have certain advantages relative to each other in the performance of specific tasks(World Bank, 1994). It has also been observed that through a partnership

arrangement, the public and private sector can merge to provide qualified public services and infrastructure in the most economically efficient manner where the government transfers all responsibilities, risks and rewards for service delivery to the private sector (NASCIO, 2006). With these advantages inherent in the PPP s, governments are turning to public private partnerships as vehicles for delivering high quality services to the consumers(Eurostat, 2004). PPP s are also seen as a way of involving the private sector in infrastructure investment in order to utilize the new technology and expertise, shifting some of the risks to the private sector and gaining access to increased capital, and thus contributing to higher operating efficiencies (Polockova, 1999).

As Abadie, R. and Howcroft, A. (2004) point out, PPP s have become intertwined in the design, financing, operation and maintenance of public goods and services. The primary aim for the private sector involvement in the infrastructure programs is to give the taxpayers better value for the money they pay. According to De Bettignies, J. and Ross, T. (2004), there are several secondary aims that are served and may include such things as increasing the operating efficiency by benefiting from the private sector management, expertise and the new technology. Another advantage is to gain access to increased capital provided by the private sector as well as to increase the service quality through innovation (Gray, P. 2001). In this situation the government plays the role of the market regulator and buyer of the goods and services which now are managed and delivered by the private sector at the same cost or probably at a lower cost (Estache, A 2001).

Public private partnership (PPP) is becoming a favorable choice for policymakers in implementing important public works projects, especially due to the shortage of government financial resources and where it is necessary to counter public inefficiency (Terry, 1996; Alfen et al., 2009). PPP enables governments to utilize alternative private sector sources of finance while simultaneously gaining the benefits that the private sector can bring in terms of skills and management. Ultimately PPP can bring greater value for money from public sector resources (EBRD, 2007).
With the recent successes with the PPP model in other countries, PPP has become also common in Albania. This paper focuses on the results obtained from a recent survey of PPP projects in Albania concerning the factors that are considered critical to the success of PPP project implementation.

Methodology

Collection of Research Data

An empirical questionnaire survey was undertaken in Albania to analyze the CSFs that contribute to the success of PPP projects in Albania. In this study, the target survey respondents of the questionnaire included agents from both sectors, from the public and the private. Out of 490 questionnaires, only 145 questionnaires returned, 94 from private businesses and 54 from the public institutions. These respondents were requested to rate their degree of agreement against each of the identified CSFs according to a seven-point Likert scale _1=least important and 7=most important_. In addition to these questions, the interviewed persons were asked to answer the following questions as well:

- Which sector you represent
  - Public?
  - Private?
- Which investment form you think is more efficient
  - Traditional procurement?
  - Public private partnership?

Aim of the study

The aim of this study is to identify which are the key success factors for the successful implementation of Public private partnerships in Albania. This works aims at developing a new practicalframework to help decision makers both in public and private sectors in selecting the optimum public private partnerships in Albania taking the most important CSFs into account.

Factor Analysis Technique

Factor analysis _FA_ is a statistical technique used to identify arelatively small number of individual factors that can be used to represent relationships among sets of many interrelated variables (Norusis 2008). This technique is powerful to reduce and regroup the individual factors identified from a larger number to a smaller and more critical one by scores of the responses (Lam et al. 2008). Due to the large number of CSFs considered in this study it was important to define a set of commonalities. The number of individual factors would be required to represent that set of data was determined by examining the total percentage of variance explained by each individual factor (Garson 2008). In this investigation, principal components analysis _PCA_ was used to identify the underlying grouped factors because of its simplicity and distinctive characteristic of data-reduction capacity for extraction. In order to obtain a clearer image, extraction with Promax rotation and Kaiser normalization was conducted through the Statistical Package for Social Sciences _SPSS_ FACTOR program.

Table 1. Comparison of average answers according to thr agent and the investment type

	Agjenti		Forma e investimit		
	.00	1.00	.00	1.00	Total
Mireqeverisja e koncesioneve	5.9	6.4	6.0	6.4	6.3
Potenciali dhe aftesite e pales private	6.1	6.1	5.8	6.3	6.1
Miremenaxhimi I kontratave te koncesionit	5.3	6.3	5.6	6.1	6.0
Perkushtimi I sektorit privat ne partneritet	6.1	5.8	5.5	6.2	5.9
Monitorimi I kontratave te PPPve	5.8	5.9	5.5	6.1	5.9
Kuadri Ligjor adekuat	5.8	5.7	5.1	6.1	5.8
Fizibiliteti I projektit	5.9	5.7	5.2	6.1	5.8
Transparenca ne procesin e prokurimit	5.5	6.0	5.1	6.2	5.8
Niveli I korrupsionit	5.6	5.8	5.6	5.8	5.7
Perkushtimi I sektorit publik ne partneritet	5.2	5.4	4.8	5.7	5.4
Niveli I konkurrencet	5.8	5.1	4.8	5.7	5.4
Ndarja e duhur e risqeve	5.4	5.1	4.3	5.6	5.2
Disponimi I nje personeli kopetent pjesmarres ne implementimin e PPPve	5.7	4.9	4.7	5.5	5.2
Mbeshtetja sociale nga komuniteti	4.8	4.8	4.5	5.0	4.8
Mbeshtetja e qeverise nepermjet garancive	4.9	4.8	4.5	5.0	4.8
Politika ekonomike mbeshtetese	4.7	4.5	3.9	5.0	4.6
Kushtet e favorshme makroekonomike	4.7	4.6	4.0	4.9	4.6
Politikat fiskale	4.4	4.2	3.4	4.8	4.3

Appropriateness of the Analysis Technique

Various tests were required to examine the appropriateness of FA for the extraction. The KMO measure of sampling adequacy and Barlett's test of sphericity for the extraction individual factors were conducted in this research. The KMO value of this research is 0.801 which shows a good degree of common variance _Table 5_. The value of the test statistic for Barlett'ssphericity is large _chi-square value=742.799_ and the associated significance level is small _*p*- lue=0.000_, implying that the population correlation matrix is not an identity matrix. The Cronbach _ is a

model for checking internal consistency _reliability_ between 0 and 1, based on the average interitem correlation. The standard rule is that _ must be greater than approximately 0.70 to conclude that the scale is reliable _SPSS 2003_. The overall _ value for the 18 CSFs is 0.750, indicating that there is good internal consistency

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Treguesi i pershtatshmerise se mostres.		.750
Bartlett's Test of Sphericity	Approx. Chi-Square	867.818
	Df	153
	Sig.	.000

The following diagram shows that the 18 factors are grouped into 4 group factors.

Rotated Component Matrix[a]

	Component			
	1	2	3	4
Niveli I konkurrencet	.753			
Fizibiliteti I projektit	.740			
Ndarja e duhur e risqeve	.703			
Disponimi I nje personeli kopetent pjesmarres ne implementimin e PPPve	.653			
Perkushtimi I sektorit privat ne partneritet	.601			
Politikat fiskale		.820		
Politika ekonomike mbeshtetese		.791		
Kushtet e favorshme makroekonomike		.767		
Mbeshtetja e qeverise nepermjet garancive		.610		
Miremenaxhimi I kontratave te koncesionit			.742	
Monitorimi I kontratave te PPPve			.678	
Good governance			.664	
Transparenca ne procesin e prokurimit			.525	
Perkushtimi I sektorit publik ne partneritet			.503	
Kuadri Ligjor adekuat				.636
Niveli I korrupsionit				.630
Potenciali dhe aftesite e pales private			.425	.582
Mbeshtetja sociale nga komuniteti				.537

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 9 iterations.

The figure confirms that a 4-factor model should be sufficient for the research model.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.785	26.581	26.581	4.785	26.581	26.581	3.094	17.188	17.188
2	2.302	12.791	39.372	2.302	12.791	39.372	2.648	14.712	31.900
3	1.859	10.326	49.698	1.859	10.326	49.698	2.472	13.733	45.633
4	1.220	6.776	56.474	1.220	6.776	56.474	1.951	10.841	56.474
5	1.056	5.868	62.341						
6	1.033	5.738	68.080						
...	...	...	...						
18	.223	1.237	100.000						

Extraction Method: Principal Component Analysis.

As per the above diagram shows that the 4 group factors created explain 56.47% of the total factors.

Project Implementation (Factor 1)

This underlying group consists of five CSFs including:

1. Competitive procurement process
2. Project technical feasibility
3. Appropriate risk allocation and risk sharing
4. Well organised and committed public agency
5. Commitment and responsibility of private sector

Level of Macroeconomic Conditions (Factor 2)

This underlying group consists of four CSFs including:

1. Fiscal policy
2. Sound economic policy
3. Favorable macroeconomic conditions
4. Government involvement by providing guarantee

Effective procurement(Factor 3)

This underlying group consists of five CSFs including:
1. Good management of PPP
2. PPP Contract monitoring
3. Good governance
4. Transparancy in the procurement process
5. Commitment of the private sector

Legal and Social Factors (Factor 4)

This underlying group consists of four CSFs including:
1. Adequat Legal Framework
2. Corruption Level
3. Private sector potential
4. Social support from the society

Regression Analysis Results

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Implementimit i projektit	1.186	.271	19.162	1	.000	3.275
	Kushtet e përshtatshme politike & ekonomike	1.172	.300	15.244	1	.000	3.230
	Efektiviteti në prokurim	1.018	.302	11.360	1	.001	2.767
	Faktorët ligjor dhe social	.303	.270	1.262	1	.261	1.354
	Agjenti	-.451	.521	.750	1	.386	.637
	Constant	.992	.298	11.050	1	.001	2.697

a. Variable(s) entered on step 1: “Project Implementation”, “Stable Macroeconomic Environment”, “Efektiv procurement”, “Ligjor & social factor”, and “Agent”.

The model is:

$$P(form_inv_{0;1}) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 imp_proj + \beta_2 kusht_persh + \beta_3 efekt_prok + \beta_4 fakt_ligj_soc + \beta_5 agjent)}}$$

Which represents the independent variables *imp_proj* or “Project Implementation”, *kusht_persh* or “Stable Macroeconomic Environment”, *efekt_prok*or “Efektiv procurement”, *fakt_ligj_soc* or “Ligjor&social factor”, *agjent* or “Agent” and the constant.

- 1.186 represents the coefficientβ_1 in the above regression. The positive sign shows the positive relation between the project implementation and the investment form. This indicates that as the degree of the project implementation increases, so does the probability to choose PPP as an investment form. In other words, if the “project imlepentation” increases by one degree, the chances to invest through PPP is 3.275 times higher than the investment through traditional procurement, other factors being constant. This factor is considered important with a confidence level of 99% for choosing the investment form.
- 1.172 represents the coefficient β_2 in the above regression. The positive sign shows the positive relation between the “Level of macroeconomic conditions” and the investment form. This indicates that as the degree of the “Level of macroeconomic conditions” increases, so does the probability to choose PPP as an investment form. In other words, if the “Level of macroeconomic conditions” increases by one degree, the chances to invest through PPP is 1.172 times higher than the investment through traditional procurement, other factors being constant. This factor is considered important with a confidence level of 99% for choosing the investment form.
- 1.018 represents the coefficient β_3 in the above regression. The positive sign shows the positive relation between the “Effective procurement” and the investment form. This indicates that as the degree of the “Effective procurement” increases, so does the probability to choose PPP as an investment form. In other words, if the “Effective procurement” increases by one degree, the chances to invest through PPP is 1.018 times higher than the investment through traditional procurement, other factors being constant. This factor is considered important with a confidence level of 99% for choosing the investment form.
- 0.303 represents the coefficient β_4 in the above regression. The positive sign shows the positive relation between the “Legal and Social factors” and the investment form. This indicates that as the degree of the “Legal and Social factors” increases, so does the probability to choose PPP as an investment form. In other words, if the “Legal and Social factors” increases by one degree, the chances to invest through PPP is 0.303 times higher than the investment through traditional procurement, other factors being constant. Considering this probability (0.303) this factor is not statistically important to choose the investment form.
- Coefficient -0.451 is referred to the impact of th factor “agent” which is public or privat, thus β_5. Since the sign is negative, the relativeprobability will be below 1. This indicates that when the agent is privat, the chances to choose PPP as an investment form are lower than if the agent was public. Considering this probability (0.451) this factor is not statistically important to choose the investment form.
- β_0= 0.992 is the constant. The sign of the constant is positive. However, in general this term is not explained.

If the above information we insert it in the regression equation, the equation will now take this shape:

$$P(form_inv_{0;1}) = \frac{1}{1 + e^{-(0.992 + 1.186\,imp_proj + 1.172\,kusht_persh + 1.018\,efekt_prok + 0.303\,fakt_ligj_soc - 0.451\,agjent)}}$$

As a conclusion, the logit model analysis shows that “Project Implementation”, Level of Macroeconomic conditions” and Effective procurement” are statistically important to define the investment formwhile “Legal & social Factors” and the “Agent” are statistically not important.

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Movie Industry and Marketing Concept

Ulker-Demirel, E. 1, Akyol, A.2

[1] Tourism and Hotel Management, Trakya University, School of Applied Sciences, Edirne, elifulker@trakya.edu.tr

[2] Business Administration, Trakya University, Faculty of Economics and Administrative Sciences, Edirne, ayseakyol@trakya.edu.tr

Abstract

Thanks to the invention of the Kinetoscope, which is called by Thomas Edison, at the end of the nineteenth century; cinema has become a significant industry and has gained an economic power with the technological advancements. Also, it has become an industry, which interacts with different business lines. This industry is immense and still growing. In the context of marketing, movies are seen as experience goods and it concerns production and consumption. Marketing mix is fundamental concept in marketing management and this concept (often called 4P's of marketing) requires decisions regarding a product (or service) and its price, its distribution channels (place) and its promotion strategies. This process includes making decisions about marketing strategies that based on consumer needs. In this respect, customer satisfaction, creating customer value and long-term relationship with them are essential parts of effective marketing efforts. It is about creating profitable customer relationships. As a traditional marketing process, movie marketing begins with the product development, which includes planning every detail about the movie (pre-production), and then it continues with the process of filming the movie (production). After filming process, post-production process, which includes editing, sound, exhibition, distribution and promotions, begins. Marketing efforts have a crucial role to promote the movie, the reach movie's target audiences and movie's box office success. Because of its unique nature and consumer approach, marketing a movie needs a different perspective in contrast to the product or service marketing. The aim of this study is to provide a framework for movie industry and its relationship between marketing. In this context, the study aimed to explain the marketing efforts, which begin with the post-production process of a movie, and focused on the marketing strategy used by moviemakers.

Keywords: Movie Marketing, Movie Industry, Marketing Strategies, Promotion, Product

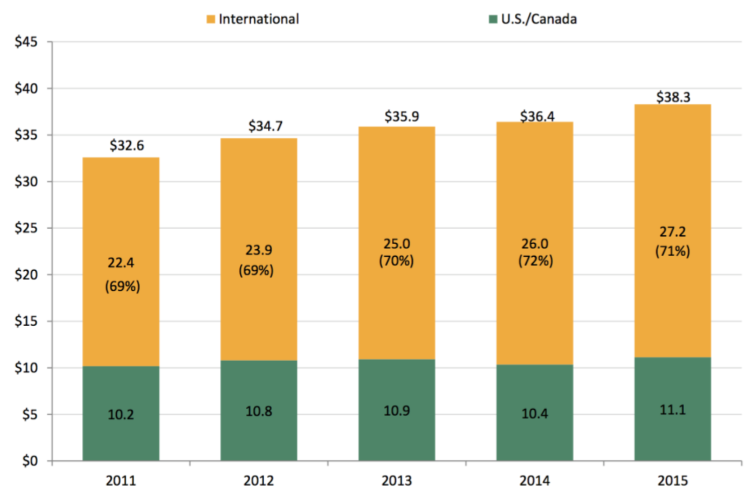
INTRODUCTION

Entertainment industry plays an important role in the economy. It is important economic structure consist of sub sectors including fine arts, music, motion pictures, television and printed media. As part of the entertainment industry, movie industry is immense and still growing (Chang and Ki, 2005). For over a century the movie industry has been one of the world's most commercial and successful industries, creating strong relationships with audiences worldwide (Hart, et.al. 2015).

Movies are an example of art coming together with the realities of commercial success (Gazley, et.al., 2011). In 2015, global box office revenue reached the 38 Billion dollars (statista.com). According to

Movie Insider, 463 movies released in 2015 (www.movieinsider.com). Advertising expenditures reached the $2.94 billion and it is expected to reach $3.05 billion in 2016 (statista.com). In 2015 the average film cost about $60m to produce and about another $40m to market and distribute to theatres across the globe (www.economist.com). Global box office can be seen in Table 1.

Table 1. Global Box Office – All Films (US$ Billions)



Source: MPPA, Theatrical Market Statistics-2015

As seen in Table 1, global box office released in each country around the world reached $ 38 Billion, up 5% over 2014's total.

In literature, numerous studies have examined the relationship between movie industry and marketing from a number of perspectives. Some of these studies are conducted by Fornerino, et. al. (2008), Ladhari, (2007), Hart, et. al (2016) on movie consumption and experience; Elisahberg and Shugan (1997), Renisteinon and Snyder (2005) on critics; Knight (2012) on distribution; Chen, et. al. (2011), Liu (2006) on word-of-mouth (WOM); Albert (1998), De Vany and Walls (1999) on star power and Finsterwalder, et. al. (2012) on movie trailers.

Marketing activities are especially critical to entertainment products whose significant sales tend to take place shortly after new product launch (especially in creative industries such as motion pictures, music, etc.) (Moon, et.al., 2015). Because of the only small number of movies released each year make money during their theatrical run, it is becoming increasingly important the using of an effective promotional campaign in terms of being successful (Finsterwalder, Kuppelwieser and Villiers, 2012).

In this paper, provided is a theoretical framework of movie industry and marketing. This paper will continue as follows. In the following section, it is reviewed by the relevant literature on movie consumption, movie as product as well as the relationship between movie industry and marketing. Final remarks are made in conclusions.

Movie Consumption

Movies are a form of entertainment, a means of escaping from hum drum life to a fantastic world (Holbrook and Hirschman, 1982) and, can make people's life more exiting, happy and, even can change their life. Movies are a way most people escape from their daily problems.

There are many factors can affect the people's movie preferences and consumption. Their preferences are affected by personally and environmentally. In addition, movie features can influence people's decision such as actors, genre, etc. Existing studies in literature have examined the movie consumption in the context of economy **(**Litman and Ahn, 1998, Elberse and Eliashberg, 2003, Collins and Hands, 2005), in the context of experiential consumption (Hart, et. al., 2016), and satisfaction (Fornerino, et. al. 2008).

Consumption is personal experience and people's attitude about consumption is based on this experiences. Movie experiences are subjective, emotional, and intangible (Eliasberg, et. al. 2010). Interaction between the consumer and his/her environment gives the experience meaning, through simultaneous and interactive production of cognitive and emotional responses (Fornerino, et. al. 2008). In the context of movies, consumption is a leisure activity with a highly emotional consumption context (Eliashberg, et. al, 2000). Movies are intangible object consumed for pleasure rather than for the maximization of an economic benefit (Eliashberg and Shugan, 1997).

Movies are seen as complex experience goods comprising of various artistic and commercial ingredients, broad scale generalizable studies may not be the best way to capture the essence of how consumers select films (Kerrigan, 2010). Hirschman and Holbrook (1982) define experiential consumption as "those facets of consumer behavior that relate to the multi-sensory, fantasy and emotive aspects of one's experience with products".

Experiential perspective of consumption is phenomenological in spirit and regards consumption as a primarily subjective state of consciousness with a variety of symbolic meanings, hedonic responses, and aesthetic criteria (Hirschmann and Holbrook, 1982). According to Hart, et al. (2015) movie consumption as a holistic process, where prior experiences influence sense making in relation to future movie consumption process.

The consumer determines demand for the film. That demand depends on many factors, including the date of the release, the extent of the advertising, the positioning of the film, the reputation of the cast, the reputation of the property, the quality of trailer, critical reviews, as well as word of mouth among consumers (Moul and Shugan, 2005).

Movie as a Product

A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. Products not only include intangible goods, but also includes services, ideas, events, persons, organizations, places, ideas, arts or a mixture of these (Kotler and Armstrong, 2014).

Movies are seen as an experience goods. Motion pictures and generally entertainment products have experiential nature because their quality can be judged only through usage. (Elberse and Eliashberg, 2003). Movie is an experiential product which proves difficult to evaluate until consumers have actually experienced it (Hart, et. al. 2015). In addition, movies are products that have a relatively short life cycle. There is high frequency of new movie introductions and the industry has a quite competitive environment.

As a traditional marketing process, movie marketing begins with the product development, which includes planning every detail about the movie (pre-production). At this point, movie-star, director and genre, can be considered as elements of movie product. These elements can affect people’s movie consumption and box office success.

In marketing literature, the star (actor) is generally considered as a variable factored into econometric analyses of film performance at the box office (Kerrigan, 2010). A star is often the key ingredient to getting a movie made. Not only because they have box-office appeal, but also they mark a known part of a consumer choice mechanism (Albert: 1998). Similarly, like superstars who contribute to the box office by attracting a persona-based audience, renowned directors are assumed to have a similar attracting power in terms of audiences (Chang & Ki, 2005). Genre refers to the categorization of narrative films by the stories that they tell and the ways they tell them (Barsam & Monahan, 2010). A movie-genre can be determinative in terms of audiences and it can affect their movie consumption choice. However, genre identification is a key element in preparing the marketing strategy in terms of marketing professionals and producers (Kerrigan, 2010).

Motion picture marketers believe that every motion picture is “unique,” and that show business is different from any other business (Austin 1989, p. 6). The uniqueness of the movie as a product, the nature of the movie-watching experience, competition from other movies and various types of entertainment and leisure activities all compound the difficulties of predicting a movie’s box office performance (Srinivas, 2005).

Movie Marketing and Promotion

After the movie is completed, promotion activities are applied in order to attract audiences and media for this movie. This is one of the responsibilities of distributor and it’s a process that begins months ago before the movie screening. The studio is also responsible for advertising and publicizing the film. This includes market research, advertisements (television, radio, newspaper, and online), “coming attractions” trailers in movie theatres, posters, lobby cards, and stills. Other aspects of publicity include press kits and press releases to the media, and booking stars for media interviews and general visibility (Bergan, 2011). Once the film is completed, issues of marketing and consumption of the film are considered (Kerrigan, 2010).

According the American Marketing Association, marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (AMA, 2013). Marketing mix is fundamental concept in marketing management and this concept (often called 4P's of marketing) requires decisions regarding a product (or service) and its price, its distribution channels (place) and its promotion strategies. This process includes making decisions about marketing strategies that based on consumer needs.

Consumers are at the centre of marketing activities. However, when it comes to the marketing of the arts or within the cultural and creative industries, such notions of putting the customer at the center becomes contested (Kerrigan, 2010). Because of its unique nature and consumer approach, marketing a movie needs a different marketing efforts. Movies are luxury item and when someone decide to attend a movie, there is mostly short time between deciding and purchasing (Lubbers and Adams, 2001: 162-163).

In this study, as a component of marketing mix, pricing strategies considered in the context of ticket pricing. According to McKenzie (2008: 161), the ticket pricing is further compounded by the fact that movies differ dramatically in terms of their star power, special effects, advertising budget, media reports before (and after) openings, pre-opening reviews, length, and the number of screens where different films can. Most of the movie theatres apply fixed price policy but some movie theatres have diversified ticket prices for different time schedules and boost sales for the days have low demands. Thus, movie theatres' different ticket-pricing strategies may become a determinative factor in terms of movie audiences' decisions.

Distribution represents another important factor in determining the role of personal influence and media advertising in consumer adoption of motion pictures (Eliashberg, et.al., 2000). A movie's distribution during its theatrical release has a major connection with its cinematic success. Indeed, what happens during this phase may make or break a movie's theatrical run (Simonton, 2009). It is important to reach audiences by different distribution channels such as television, different movie theaters, DVD and Blu-Ray, cable tv and pay-per-view options.

Marketers use a range of marketing communications such as public relations, marketing materials such as posters and trailers and critical reviews in order to position a movie in the mind of the consumer (Kerrigan and Yalkin: 2009). Advertising is a major instrument of competition in the movie industry. Basically, promotion efforts grouped into two categories. Traditional media (such as newspapers, magazines, televisions and radio, billboards) and digital media (such as social media, official web sites, trailers, smartphone applications, etc.). In addition, word-of-mouth (WOM) and buzz have a crucial for movie marketing. Especially with the advancement of the internet and social media, like most of the businesses and industries, the movie industry is in transition from analogue to digital. This changeover is complete in postproduction. A growing number of movies are also being shot digitally, and digital projection can be found in major cities while distributors and theatre owners continue to debate its value (Squire, 2004).

Conclusion

The primarily aim of this study is planned to examine the relationship between movie industry and marketing efforts. Basically, this relationship explained on the basis of traditional marketing process. It

can be effective to detect the potential audiences; to develop marketing strategies according to their preferences and to manage marketing massages to the potential audiences. At this point, using traditional and digital marketing communication tools such as television, magazines, billboards, social media, trailers and official web sites is important to reach current and potential audiences. Especially effective use of word-of-mouth (WOM) communication, internet and social media has become a crucial point to connection with audiences just like other industries in today's condition. Strategic use of these marketing efforts are a key predictor of box office success especially in opening weekend and during the release of the movie.

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SAVE THE CAVE INITIATIVE – THROUGH SOCIAL NETWORKS STEPS TO THE IMPLEMENTATION OF A SOCIAL MEDIA CAMPAIGN

Delibashzade R[1] & Ukaj F[2]

[1]PhD Student in Marketing Science, University of Prishtina "Hasan Prishtina", Faculty of Economics, Prishtina, Kosova. E-mail: ***rezarta.d@gmail.com***

[2]Prof. Asoc. Dr. of Marketing Science, University of Prishtina "Hasan Prishtina", Faculty of Economics, Prishtina, Kosova. E-mail: ***fatosuk@yahoo.com***

Abstract

Evolution of technology in recent times created the digital era, providing marketing specialists with new ways to obtain information regarding their clients. While in the past it took days and weeks to obtain information, now it only takes seconds. This study strives to review literature, various publications and other secondary data in order to understand the essence of the role and importance of social media in business, and understand the marketing plan and its implementation in a social media campaign.

Social media are one of the drivers of promotion and communication, and their use following a strategy leads to the creation of long-term and better relations with current and potential clients. Through the case study "Save the cave initiative – through social networks" we can clearly see that such initiatives seek to raise public awareness, spending less money and ensuring that technology advancements are fully utilized.

Keywords: e-marketing plan, social media, Facebook, social media channels, Save the Cave, campaign.

Introduction

Through a marketing plan, businesses or non-profit organizations determine their orientation, steps, and size. Companies must have a plan of action for organizing activities, personnel, management, as well as a plan for implementation and control. According to Henry Fayol[vi], through the application of scientific methods, efficient production and higher salaries for workers will increase a business' productivity. Peter Drucker[vii], limits the management as body multipurpose that manages the business, staff and work. The body is responsible for maintaining productive resources and overall economic development.

Based on the definitions above, each enterprise should have an action plan, based on the main functions of management, which enables the company to be continually well managed, clearly directed, and more importantly, maintain a productive staff and high productivity.

After defining and establishing management functions and drafting the action plan, a company should develop a marketing plan. According to the author Jakupi[viii], marketing planning means defining and determining the directions of potential and real marketing activities, with the aim of ensuring the existence of the enterprise, by providing the product in the fulfillment of the requirements in the market and the

realization of profit. According to known author, Westwood[ix], the term “marketing planning” is used to describe methods of applying marketing resources to achieve marketing objectives. According to Philip Kotler[x], marketing planning involves deciding on marketing strategies, which will help the company meet its overall strategic objectives.

Beginning with the best practices of known marketers, we can say that the marketing plan should be a document that describes the mission of the company and market targeting, in order to meet customer demand by creating mutual value. Through this paper will be analysis of the marketing plan steps that businesses can use to achieve their goals and objectives, description of the role and importance of the marketing plan for successful campaigns in social media, and the stages of the process. Comparison of the advantages and opportunities of the proper use of social media by businesses, and by the end conclusions on the most effective strategies of e-marketing and social media which would contribute to an effective campaign of e-marketing, in this case 'Save Cave Initiative'.

Defining the problem

The impact of different campaigns through social networks is quite significant in two respects: societal awareness of social issues, and their impact on our purchases. Different companies or organizations act through social media everyday. The following material seeks to determine whether each act through social media is part of a marketing plan.

These campaigns have an impact on awareness of civic consciousness. Campaigns affect the psychology of the reaction on social media, especially when appearing constantly on websites, where a "Like" can donate sums for recovery, reverse environmental destruction, etc. In addition, many businesses around the world are using the Internet as a "distributor" agile enough to sell and trade goods and services. This not only suits sellers (lower cost, direct contact with customers, etc.), but is also good for customers. Today, time is the most valuable commodity. This paper reviews the literature of different authors on defining marketing plan and e-marketing, the stages to follow, and how these can be used in a successful campaign. In order for literature to be reviewed and more practical, an e-marketing plan is applied in the case study of the Cave Rescue initiative on social media to protect Gadime Cave from intentional destruction. Towards the end of the paper, based on the results there will be answers to research questions and we will see whether or not the assumptions are confirmed.

Methods and Methodology

This paper attempts to gather and analyze definitions from secondary sources, such as literature by different authors, publications in scientific journals, data from archives as well as Facebook and Twitter. All collected materials have served the analysis, review and conclusions about the meaning of the role and who effectively can use social media companies, understanding the development and stages of the e-marketing plan and its impact in creating successful campaigns in social media. The deduction method has been used in the 'Save Cave' case to organize a campaign on social networks, where each part of the process has been analyzed. The comparison method of data research has been applied after gathering various literatures on the definitions. All these steps are done in order to determine what makes a successful e-marketing campaign. In the last part of the paper, through the method of generalization, I came up with conclusions and recommendations.

Hypotheses

From the literature that has been reviewed, I determined the following hypotheses:

H1 - Marketing campaigns in social media have brought positive results to the companies that have e-marketing plan

H2 - The awareness through social media is showing positive effects in society, benefiting sellers and consumers;

H3 - Social media catalyzes promotion and communication, and if used properly, may create long-term benefits for current and potential clients.

H4 - Social media campaigns of companies or organizations have an impact on the awareness of the society, which is necessary nowadays;

H5 - A clear and specific marketing plan is the best way to create a successful social media campaign.

Literature analysis

Starting with Kotler and Keller[xi], a marketing plan involves five basic steps: summary, analysis of the situation, strategy of marketing, financial projections and control of implementation.

According to the author Westwood[xii], a marketing plan consists of a series of steps: Defining the objectives of the corporation, External marketing research, Internal Marketing Research, SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, Formulation of assumptions, Definition of marketing objectives and evaluation of outcomes, Generalized marketing strategies and action plans, Definition of programs including promotional and advertising plans, Drafting the budge, Drafting plan, Communication plan and Improvement.

Referring to the well-known author of e-marketing planning, Dave Chaffey[xiii], we can say that e-marketing plans have similarities with previous plans. But the steps that Chaffer follows for the e-marketing plan are:

- Analysis of the situation (external factors (customers, suppliers, competition) PEST factors (Political, Economic, Social and Technological);
- SWOT;
- Objectives: Define through management plan; Review through 5S (Sales, Service, Debate, Storage and Fragmentation); Analyze the objectives through SMART analysis (Specific, measurable, achievable, realistic, time allocation);
- STOP and SIT Strategy (segmentation, targeting, general objectives, positioning, stages, integration and means);
- Tactics; How to use e-tools, and how they will be sorted by time
- Actions, Traffic Definition, Increase Sales, increase the number of consumers, and risk management;
- Controls, provide feedback and keep management informed, determine whether the objectives are being achieved, or or whether there are implementation and review problems;

- Resources, are planned through 3M - (Men (men and women as human resources), Money - Budget and Minutes (Time for manufacturing, services)).

e-marketing plan in social media

Marketing plan to social media includes several steps that must be followed accurately, so that strategies and objectives compiled preliminarily are performed properly. A plan on social media, according to professor Ukaj,[xiv] includes these steps:

1. Identify your target market and listen to their requirements:

A target market in which the firm wants to launch its products should be determined. The target market can be segmented more easily, quickly and without high costs through the use of different types of social media.

2. Involvement in the conversation:

Through multiple communication modes that offer different types of social media, the company can (and should) be included in the conversation, exchanging comments with its customers to better understand their needs and requirements.

3. Give! Give! Give!:

The company, on its official social network pages, needs to be active in the conversations and exchange comments with the client, whether through exchanges or posting pictures and videos of products, or services. The more active a company is, the more it will benefit. In this way, a company will know what consumers like / prefer and what don't they like / prefer, and may thus more easily identify the needs, requirements and desires of its customers. The company can then adapt to these needs and requirements.

4. Ownership of the tools of the trade:

Use of social media requires technical knowledge in order to for social networks to be effective. If the company does not know how to use the tools and opportunities that social networking provides, then it will not achieve nor give nor take anything.

5. The use of analysis software to measure sales:

Social media offer different means by which companies can obtain important data to analyze and measure their success and listings on the market in relation to competitors. These tools provide us with information such as who was visiting the site on social media or the business' website, how often the site was visited, what products visitors clicked on, and to see how often and when certain products were clicked, etc.

Results of the Case Study

History of Cave

Gadime Cave is part of the municipality of Lipljan. It is located at the bottom of the Gadime village in eastern Kosovo. Gadime Cave, which is also known as the Marble Cave, supposedly dates from the Mesolithic Period, although its age is not yet clearly defined. Some geologists say that the marble stones of the cave may belong to the late Paleolithic period. Based on the age of rocks within the cave, it is believed to have been created 80 thousand years ago. Some geologists claim that the marble rocks may belong to the Late Paleozoic age. Other experts believe it might be 200 million years old.

Features inside the Gadime Cave which are very special and authentic in the world, give the site international importance.

The Gadime Cave, with a total area of 56.25 ha, in 1969 was declared a protected area and is listed in the third category by IUCN. The total length of all channels, corridors and halls in the Gadime Cave is 1.260 meters. In the upper galleries, which have so far been discovered, and other channels, the assumed length of all rooms in the Gadime Cave is about 3 km.

Main Problems

I. Most of the damage to the cave was done by the reservoir which is built on top of the cave. Additionally, the building of the reservoir has reduced the circulation of the water inside the cave, which has caused dryness and damages for a lot of the crystals.
II. According to experts, every natural object has its own specifics and its own different conditions from which it was created. In this case, the construction of this reservoir has changed the level of the circulation of the water needed and increased the weight of the columns inside which the cave.
III. The size of the reservoir indicates that heavy machinery was used for its construction. This equipment has caused vibration of the rocks; geologists confirmed that this was very harmful.
IV. Moreover, when the reservoir starts to function fully it will further damage the Cave, since the circulation of the water through the pumps of the reservoir will cause constant vibration and noise.
V. Since Gadime Cave is a unique national resource and a tourist destination, the construction of any object should be stopped in order to avoid any negative side effects to the cave. Active quarries around the cave are threatening the stability of the cave and are simultaneously destroying its appearance and the environment.
VI. Finally, those responsible for the cave manage it poorly.

The mission of Initiative

The Save the Cave campaign was created in March 2013 by a group of young people from the New Media School.

The main aim of this campaign is to make citizens aware of the actual state of the Gadime Cave. The initiators of this campaign, created for the protection and salvation of the Gadime Cave, visited the cave and consulted relevant experts. The Initiative first started its activity in social networks in order to make people aware of the problem and to gain more supporters in order to protect and save the cave. Initially,

the priority of the group was to gather more information and making analyses in order to support the pretensions of the initiative.

Action plan in social media for actualizing the topic

Situation analysis

The heavy machinery used to build the reservoir caused harmful vibrations in the cave. Once the reservoir becomes fully functional, the circulation of water through the pumps of the reservoir will create constant vibrations and noise.

SWOT Analysis

First, has been done research on best ways to deliver the information to the public. After collected findings from previous researches, has been decided to use social media tools such as Facebook and twitter. As we are aware, through Facebook we can choose the audience based on their age, gender, language, country, etc. In this research the targeted audience are citizens of Republic of Kosovo in all cities in young and middle age people.

- Strengths: The most famous cave in Kosovo; large number of visitors; special crystals inside the cave;
- Weaknesses: There is no web site, the cave is run as a family business;
- Opportunities: Increase public awareness on the protection of state assets; improve conditions inside the cave; host less musical activities inside the cave; pass applicable laws according to European standards;
- Threats: The damage to the cave due to the placement of the reservoir above; harmful musk in the cave as a result of heated reflectors; no special treatment law applies to the cave.

Objectives

The main objective of this initiative was demolition of all water reservoirs built on the cave, which would allow water circulation in normal and natural conditions; and the second, The Gadime Cave should be dealt with under special legislation in accordance with European standards, taking into account practices and experiences for management and protection.

The objectives are specific, measurable, achievable, realistic and within the scheduled time. Results can be seen.

e-Marketing strategy

Two main targets has been achieved: **I.** Ministry of Environment and Spatial Planning, the Assembly of Republic of Kosovo. Institutions have actualized the issue inside the Assembly, by sending Fact-Sheets to 120 Deputies, and to all Ministries.

II. Social network users. Two accounts have been opened in social networks like Facebook and Twitter, with basic information about the mission of this initiative. Adding as many details of the event location

and the views of local and international advisors will inform people on the risk of destruction of one of Kosovo's most valuable assets.

Tactics

Like Button. By activating the purchase of "Like" as a way to attract more audience, a page calling for action has been activated, in the middle of the week, on Wednesday, from 11:00 to 15:00, in all main municipalities in Kosovo. Age of users was determined from 20-45 years old, of both genders.

Op-Ed. An op-ed has been written by members in the local newspaper 'Zëri'.

TV show. National television station KTV[xv] transmitted a show on Gadime Cave, including preliminary interviews with members of the group.

Actions

After gathering the necessary information about the current situation, the objectives are defined based on what was required in social media, and the plan is put into implementation. Everyday a picture has been posted on social networks, such as Facebook and Twitter.

Each photo had a description with a comment that described how the cave is being destroyed and what citizens can do to prevent it.

In order for the citizens to be even more informed on this concern, we have decided to approach the media to raise their attention that the cave is still being destroyed. Members of the group are convinced that in addition to social network and media, the group must do more in this direction, and be committed to the continuation of this initiative so as to achieve positive results.

Control

All targets are achieved during the implementation of the campaign. During implementation we had more requests from the media regarding this campaign. However, it was impossible to respond, because the campaign is orchestrated by six members of the group, working on a voluntary basis.

Resources

The Facebook part on insights, gave us a good opportunity to follow how many people are engaged and visiting the page. At the moment that we identified that the number was decreasing, we immediately took the next step, by posting a photo or writing a comment on what's happening with the cave.

Based on the 3M strategy, we that human resources are most needed for the campaign. The initiative has received no monetary investment. Each contribution has been on a voluntary basis. A single payment of 20 euro was made to activate the Like button. Time required for this campaign has been a month, within which positive results have been achieved.

Conclusions

Through this research paper it has been concluded that companies and organizations must use social media to promote their services. But, above all, all activities should be based on a plan of e-marketing, which facilitates the whole process.
Referring to the case study, we concluded that the ban on the circulation of water inside the cave is a key element for the creation of its crystals. This process is being seriously harmed by construction of the reservoir, which has caused tremors and shaking of rocks and increased weight on the cave, which in the medium term, will cause damaging of cave.
Holding various cultural / musical events without consulting competent experts cause internal vibrations, followed by the heat released by the spotlights, creates algae (cyanobacteria). In the future, algae becomes moss and gradually destroys crystals.

Since the time of the campaign, the cave is now managed by officials from the Ministry of Culture. They have engaged officials whom are working every day in Cave for tourists as tour guys, so maintenance and care of the cave should be nationalized, as such maintenance is in most of the countries of the world. But still we are waiting for the cave to be declared as a protected area by the state and all activity in and around it should be stopped and The Gadime Cave should be dealt with under special legislation in accordance with European standards, taking into account the experiences and practices for management and protection.

Demolition of all water reservoirs built on the cave, which would allow water circulation in normal and natural conditions - The ministry has halted construction of the reservoir, and is currently seeking a new place for the reservoir. Additionally, light bulbs inside the cave have been changed to eco-friendlier bulbs.

According to the hypothesis that has been determined in the beginning, H1 - This has been achieved because having detailed action plan can bring positive results; H2 - The awareness campaigns everyday are showing bigger impact in society, also in this case, where has been specific activities taken by Institutions.

H3 – After this campaign, the page is still active and the number of followers in increasing, slowly but they are still keeping informed about the Cave; H4 - Nowadays more than necessary are social media campaigns to reach consumers or bring an issue that is in interest of citizens; H5 – Every campaign must have a clear plan for what to achieve with which tools.

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PUBLIC AND PRIVATE SECTOR HEALTH FINANCE RELATION ON HEALTH STATUS INDICATORS OF NATIONAL HEALTH SYSTEMS

Engin Demirel1 & Seda Karagöz2

[1] Associate Professor, Accounting and Finance Management Department, Trakya University Faculty of Economics and Business Administration, Edirne, Turkey, engdemirel@gmail.com

[2] Research Assistant, Hospitality and Tourism Management Department, Trakya University Faculty of Economics and Administrative Sciences, Edirne, Turkey, karagozseda@hotmail.com

Abstract

Health financing policy is related with society risk pooling which all economic units share the financing of total health care cost. As the risk pooling in a health financing system increases, financial consequences of health costs of individuals' decreases. Countries have different health services provided by public and private sector or combination of both. This research plan to compare countries health finance methods according to public sector finance and private sector finance and its ratios on health finance by evaluating the variables indicating the countries health, death rate, life expectancy, causes of death, maternal and infant mortality, lost potential years, morbidity, perceived health status, perceived health status by age and gender, perceived health status by socio-economic status, child health, dental health, infectious diseases, cancer, injuries and absence from work due to illness indicators. This study aims to investigate health spending and health finance structure of OECD countries based on health data from 2000 to 2013 by pool data time series analyse. Comparing health-financing systems of OECD countries will enlighten the financial risk protection for individuals against cost of health care systems. Searching for optimum ratio of public sector finance and private sector finance for appropriate health status for population is the key results for this research.

Keywords: Health Finance, Health Spending, Health Status Indicators, OECD Countries, Pool Data Time Series

1. Introduction and Literature Review

Health is always widely recognized as a basic human right, and the urgency of some global health issues has pushed global health policy to the top of the international agenda. With globalization comes the flow of ideas, capital, and people across borders, which has profound implications for the spread and treatment of disease (Gottret ve Shieber, 2006:1). When individuals and households faced with unexpected disease, health financing provides for the use sources that the financial burden of these diseases in different ways.

Health financing levers to move closer to universal health coverage lie in three interrelated areas (OECD, 2015:9) which are raising funds for health, reducing financial barriers to access through prepayment and subsequent pooling of funds in preference to direct out-of-pocket payments; and allocating or using funds in a way that promotes efficiency and equity.

The provision and financing of health care can be shortened as a transfer of resources: the providers transfer health care resources to patients and patients or third parties transfer financial resources to the providers which can be seen in Figure 1. The simplest form of transaction for a good or service is direct payment. The consumer (the first party) pays the provider (the second party) directly in return for the good or service. Health care systems have developed in which a third party offers protection to a population against the financial risk of falling ill. The third party may be a public or private body (Mossialos and Dixon 2002:2).

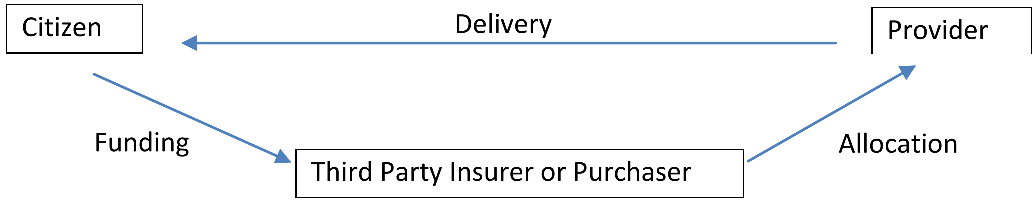


Figure 1. The Health Care Triangle

Source: Adapted from Mossialos, E. and Dixon, A., (2002), Funding Health Care: An Introduction, Mossialos, E. Et al (eds.), Funding Health Care: Options for Europe içinde, s.1-30, Open University Press, Buckingham Philadelphia, s.2.

A third-party insurance model with multiple insurers creates several problems resulting from information asymmetry between the insurers and the population, including adverse selection, moral hazard and risk selection. Information asymmetry refers to the unequal distribution of information between the insurer and the population. For example, the people seeking protection may have information regarding their risk status that is not available increases the likelihood of the occurrence of the event being insured against. Consumer moral hazard in the provider prescribing excessive treatment. Adverse selection occurs because an insurer cannot calculate accurately an actuarial premium and, therefore, charges an average premium. This is attractive to people with above-average risk and unattractive to people with below-average risk. Those with below-average risk may choose to forego insurance, leaving insurers to cover high-risk individuals and causing premiums to escalate continually. Risk selection, also called 'cream-skimming' or 'cherry-picking', refers to the process by which insurers charging a non-risk-related premium seek to encourage business from individuals with below-average risk or discourage or refuse insurance to individuals with above-average risk (OECD, 1992:15).

In general view there are two types of public financing: (1) tax-based financing; and (2) social security financing. On the other hand, there are two categories of private financing: (1) private insurance; and (2) out-of-pocket payments. The latter category includes several forms of private payment. For example, in private insurance schemes, co-insurance and deductibles are types of out-of-pocket payments. In public insurance schemes, out-of-pocket payments may include extra billing or user fees. A final type of out-of-pocket payment occurs when services are partially covered, or not covered at all, by either the public or private insurance plan. In these cases, the patients must pay the full cost of the health service. Although some type of private financing is used in all OECD countries, the revenue generated in this way remains a small portion of total health-care spending, except in the United States where private financing is significant (OECD, 2015:15).

According to health indicators, Rocha, Orellano and Nishijima evaluate the impact of health spending autonomy on infant mortality rates, using Brazilian local data from 2000 to 2007. They concluded that the larger the share of health expenditures which is not financed by the central government (grants), the greater the autonomy (Rocha et.al., 2016:293). Another research investigate private finance of services covered by national health insurance in Israel and conclude that the main concern regarding the relatively low public finance of health care in Israel is not only the low level of public spending and hence the limited availability of publicly financed medical services for the sick and poor population (Engelchin-Nissan and Shmueli, 2015:7).

Buckley et al. (2012:713) research related on revealed-choice experiment testing the theoretical predictions of a model of a mixed system of public and private finance. They investigate behavioural responses in individuals' willingnesses-to-pay for private health insurance to changes in the public sector allocation rule the supply of health care resources, and the size of the public health care budget. Research concluded that individuals consistently exhibit greater willingnesses-to-pay for private insurance than

predicted resulting in a larger than predicted amount of private insurance being purchased. Smith and Normand analysed the equity health care financing in Irish health care system on flow of funds approach. Research findings indicate that broad progressive patterns in aggregate resource flows hide less equitable patterns that require further attention and there are complex interactions between public and private resources (Smith and Normand, 2009:379). Cheng (2014:159) investigates the effects of reducing subsidies for private health insurance on public sector expenditure for hospital care. This research simulation argues that reducing premium subsidies is expected to generate net cost savings (Cheng, 2014:159).

Lu et al. (2010), analyse government spending on health in developing countries from 1995 to 2006 and conclude that public financing of health in constant US$ from domestic sources increased by nearly 100%. This research indicate that this increase was the product of rising GDP, slight decreases in the share of GDP spent by government, and increases in the share of government spending on health.

2. Method

In this research panel data is used to calculate the financial and selected health indicators that are gathered from OECD indexed Health expenditure and financing -especially general government health expenditure and financing and private sector health expenditure and financing- in order to analyse the configured models. Sample period is covering between the years from 2000 to 2013. The first step of the time series analyse is the determination of variables' stability and unit root test. Panel data can have advantages such as accurate inferences of model parameters. Research empirical analysis is conducted based on following basic general formula (1):

$$y_{it} = x_{it}\alpha + c_i + u_{it}, \qquad i = 1,2,\dots,N \; t = 1,2,\dots,T \qquad (1)$$

where i is the countries, t is the time period, y is the dependent variable, x are independent variables and control variables. c_i is the time constant factor. Tested models were estimated by using the standard panel data econometric techniques. The results hypotheses are analysed according to pooled EGLS cross-section fixed effects and random effect model according to Housman test results. Panel regression test considers six estimations that are pooled ordinary least square, fixed effects and random effects. The results of Housman test showed that the fixed effect model were preferred to random effects model.

3. Data

In order to test our research selected countries health data were collected from OECD Health Data (http://stats.oecd.org/Index.aspx?DataSetCode=HEALTH_STAT). There are 34 countries listed in that index. Those countries are Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States. All health status and health expenditure and financing which are used, and symbols are shown in Table 1.

Table 1: Model Health expenditure and finance and health status ratios and model Symbols

Health expenditure and finance and health status ratios	Model Symbols
Health expenditure and financing	HF
General Government health expenditure and financing	GHF
Private Sector health expenditure and financing	PHF
Life Expectancy	LE
Number of total deaths	TD
Deaths per 100.000 population (standardised rates)	SD
Infant mortality, No minimum threshold of gestation period or birthweight	IM
Neonatal mortality, No minimum threshold of gestation period or birthweight	NM
Perinatal mortality	PM
Maternal mortality	MM
Potential years of life lost	YL
Infant health	IH
Communicable Diseases- Incidence of AIDS	PA
Communicable Diseases- Incidence of pertussis	PP
Injuries in road traffic accident Injured per million population	TA

4. Analyses and Results

4.1.Dependent Variables

Selected dependent variables for model estimations are Health expenditure and financing (HF), General Government health expenditure and financing (GHF), Private Sector health expenditure and financing (PHF).

4.2.Independent Variables

In terms of independent variables this research use, Life Expectancy (LE), Number of total deaths (TD), Deaths per 100.000 population (standardised rates) (SD), Infant mortality, No minimum threshold of gestation period or birthweight (IM),Neonatal mortality, No minimum threshold of gestation period or birthweight (NM), Perinatal mortality (PM), Maternal mortality (MM), Potential years of life lost (YL), Infant health (IH), Communicable Diseases- Incidence of AIDS (PA), Communicable Diseases- Incidence of pertussis (PP), Injuries in road traffic accident Injured per million population (TA). Model descriptive statistics are as fallows in table 2:

Table 2. Models and Descriptive Statistics of the Selected Variables

Model Number	Dependent Variable	Independent Variable	Coefficient	Std. Error	t-Statistic	Prob.
Model 1	HF	LE	0.142702	0.020143	7.084599	0.0000
		TD	0.433369	0.124499	3.480905	0.0005
		SD	-1.776056	0.806737	-2.201531	0.0282
		IM	-0.108629	0.047628	-2.280787	0.0230
		NM	-0.332950	0.107147	-3.107402	0.0020
		PM	0.177956	0.043610	4.080632	0.0001
		MM	-0.013115	0.010110	-1.297151	0.1952
		YL	-0.752121	0.496976	-1.513395	0.1309
		IH	0.083087	0.049015	1.695132	0.0907
		PA	0.354013	0.030288	1.168811	0.0000

		PP	0.006399	0.002537	2.522040	0.0120
		TA	0.582343	0.227063	2.564673	0.0106
Model 2	HF	LE	0.142017	0.019487	7.287946	0.0000
		TD	0.488071	0.116036	4.206215	0.0000
		SD	-2.699333	0.469947	-5.743906	0.0000
		IM	-0.130972	0.041791	-3.133991	0.0018
		NM	-0.377640	0.104601	-3.610291	0.0003
		PM	0.185473	0.042988	4.314542	0.0000
		IH	0.096987	0.047959	2.022290	0.0437
		PA	0.339996	0.029479	1.153335	0.0000
		PP	0.006490	0.002494	2.602350	0.0096
		TA	0.533181	0.226322	2.355855	0.0189
Model 3	GHF	LE	0.142017	0.019487	7.287946	0.0000
		TD	0.488071	0.116036	4.206215	0.0000
		SD	-2.699333	0.469947	-5.743906	0.0000
		IM	-0.130972	0.041791	-3.133991	0.0018
		NM	-0.377640	0.104601	-3.610291	0.0003
		PM	0.185473	0.042988	4.314542	0.0000
		IH	0.096987	0.047959	2.022290	0.0437
		PA	0.339996	0.029479	1.153335	0.0000
		PP	0.006490	0.002494	2.602350	0.0096
		TA	0.285605	1.388030	0.205763	0.8371
Model 4	GHF	SD	2.705780	0.603150	4.486082	0.0000
		IM	0.505316	0.251562	2.008712	0.0451
		NM	-5.720943	0.598073	-9.565629	0.0000
		PM	1.306498	0.241738	5.404611	0.0000
		IH	0.441291	0.257546	1.713448	0.0873
		PA	-1.638055	0.171352	-9.559594	0.0000
Model 5	PHF	LE	0.396730	0.118214	3.356023	0.0009
		TD	1.693741	0.730670	2.318067	0.0209
		SD	-1.027996	4.734644	-2.171220	0.0304
		IM	-0.407612	0.279522	-1.458250	0.1454
		NM	5.063824	0.628835	8.052707	0.0000
		PM	-1.090050	0.255941	-4.258981	0.0000
		MM	0.035841	0.059337	0.604020	0.5461
		YL	3.248484	2.916693	1.113756	0.2660
		IH	-0.554853	0.287664	-1.928819	0.0544
		PA	1.524393	0.177759	8.575628	0.0000
		PP	0.002436	0.014890	0.163596	0.8701
		TA	0.015086	1.332609	0.011321	0.9910
Model 6	PHF	LE	0.425243	0.103987	4.089389	0.0001
		TD	1.464400	0.704963	2.077271	0.0383
		SD	-1.110490	4.602036	-2.413041	0.0162
		NM	4.548806	0.517720	8.786220	0.0000
		PM	-1.121700	0.240807	-4.658083	0.0000
		MM	-0.007094	0.050845	-0.139521	0.8891
		YL	3.767825	2.871790	1.312013	0.1902
		IH	-0.603133	0.281485	-2.142685	0.0327
		PA	1.594561	0.169170	9.425773	0.0000

Table 3 shows the abbreviations of dependent and independent variables definitions, which used in the models:

Table 3: Dependent and Independent Variables of the Models

Model	Dependent Variable	Independent Variables
Model 1	HF	LE, TD, SD, IM, NM, PM, MM, YL, IH, PA, PP, TA
Model 2	HF	LE, TD, SD, IM, NM, PM, IH, PA, PP, TA
Model 3	GHF	LE, TD, SD, IM, NM, PM, MM, YL, IH, PA, PP, TA
Model 4	GHF	SD, IM, NM, PM, IH, PA
Model 5	PHF	LE, TD, SD, IM, NM, PM, MM, YL, IH, PA, PP, TA
Model 6	PHF	LE, TD, SD, NM, PM, MM, YL, IH, PA

All results of pooled least squares for the models will be listed in Table 4.

Table 4: Pooled Least Squares of the Models

Model 1	R-squared	0.941178	Mean dependent var	8.226891
	Adjusted R-squared	0.935022	S.D. dependent var	1.977609
	S.E. of regression	0.504107	Akaike info criterion	1.559590
	Sum squared resid	109.2735	Schwarz criterion	1.962130
	Log likelihood	-325.1824	Hannan-Quinn criter.	1.717876
	F-statistic	152.8930	Durbin-Watson stat	0.563211
	Prob(F-statistic)	0.000000		
Model 2	R-squared	0.941046	Mean dependent var	8.226891
	Adjusted R-squared	0.935178	S.D. dependent var	1.977609
	S.E. of regression	0.503502	Akaike info criterion	1.553425
	Sum squared resid	109.5183	Schwarz criterion	1.938463
	Log likelihood	-325.7151	Hannan-Quinn criter.	1.704828
	F-statistic	160.3667	Durbin-Watson stat	0.558957
	Prob(F-statistic)	0.000000		
Model 3	R-squared	0.098082	Mean dependent var	6.590824
	Adjusted R-squared	0.074706	S.D. dependent var	3.211607
	S.E. of regression	3.089316	Sum squared resid	4418.812
	F-statistic	4.195864	Durbin-Watson stat	0.393227
	Prob(F-statistic)	0.000003		
Model 4	R-squared	0.934963	Mean dependent var	72.17947
	Adjusted R-squared	0.929146	S.D. dependent var	11.42144
	S.E. of regression	3.040208	Akaike info criterion	5.142020
	Sum squared resid	4029.888	Schwarz criterion	5.492056
	Log likelihood	-1183.801	Hannan-Quinn criter.	5.279660
	F-statistic	160.7158	Durbin-Watson stat	0.424025
	Prob(F-statistic)	0.000000		
Model 5	R-squared	0.932060	Mean dependent var	27.93271
	Adjusted R-squared	0.924950	S.D. dependent var	11.20621
	S.E. of regression	3.069960	Akaike info criterion	5.172851
	Sum squared resid	4052.601	Schwarz criterion	5.575391
	Log likelihood	-1185.138	Hannan-Quinn criter.	5.331136
	F-statistic	131.0923	Durbin-Watson stat	0.424172
	Prob(F-statistic)	0.000000		
Model 6	R-squared	0.929958	Mean dependent var	27.93271
	Adjusted R-squared	0.923164	S.D. dependent var	11.20621
	S.E. of regression	3.106279	Akaike info criterion	5.190720
	Sum squared resid	4178.003	Schwarz criterion	5.567008
	Log likelihood	-1192.391	Hannan-Quinn criter.	5.338683
	F-statistic	136.8813	Durbin-Watson stat	0.424315
	Prob(F-statistic)	0.000000		

The descriptive statistics of variables that are used in models is also reported in Tables 5:

Table 5: Descriptive Statistics of variables

	HF	GHF	PHF	LE	TD	SD	IM	NM	PM	MM	YL	IH	PA	PP	TA
Mean	8.226891	72.17947	27.93271	78.85525	5.037563	2.945945	5.070084	3.235294	6.481092	9.995378	3.564916	6.525000	1.799118	15.32941	3.491092
Median	8.150000	74.55500	25.44500	79.50000	5.025000	2.930000	4.100000	2.800000	6.050000	6.100000	3.550000	6.500000	0.900000	4.600000	3.470000
Maximum	16.40000	90.00000	64.02000	83.40000	6.390000	3.180000	28.90000	12.70000	24.00000	74.10000	4.000000	11.00000	14.10000	173.4000	4.050000
Minimum	4.000000	35.98000	10.00000	70.90000	3.120000	2.780000	0.060000	0.700000	1.100000	0.900000	1.520000	3.100000	0.100000	0.100000	1.360000
Std. Dev.	1.977609	11.42144	11.20621	2.715785	0.662099	0.078218	3.740773	1.817984	2.975581	11.18464	0.184526	1.543061	2.504329	27.44464	0.317222
Skewness	1.022190	-1.048.149	1.117544	-0.85766	-0.48573	0.671920	3.597738	2.357852	2.340740	2.977375	-5.402.144	0.277187	2.636338	3.073356	-1.773.280
Kurtosis	5.897197	3.704626	3.872809	3.004711	3.478308	3.146844	18.21900	9.943011	11.19061	13.19534	64.45301	2.934655	10.08665	13.69001	13.93168
Jarque-Bera	249.3692	97.00414	114.1887	58.35633	23.25492	36.24482	5620.627	1397.125	1765.213	2764.848	77215.24	6.180064	1547.432	3015.826	2619.580
Probability	0.000000	0.000000	0.000000	0.000000	0.000009	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.045500	0.000000	0.000000	0.000000
Sum	3916.000	34357.43	13295.97	37535.10	2397.880	1402.270	2413.360	1540.000	3085.000	4757.800	1696.900	3105.900	856.3800	7296.800	1661.760
Sum Sq. Dev.	1857.696	61963.39	59650.07	3503.357	208.2284	2.906075	6646.856	1569.907	4205.690	59420.65	16.17370	1130.993	2979.041	357773.9	47.79923
Observations	476	476	476	476	476	476	476	476	476	476	476	476	476	476	476
Cross sections	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34

5. Discussion and conclusions

This research produced results at Model 1 which indicate that Health expenditure and financing (HF) has significant relation on Life Expectancy, (LE), Number of total deaths, (TD), Deaths per 100.000 population (standardised rates) (SD), Infant mortality, (IM), Neonatal mortality, (NM), Perinatal mortality (PM), Maternal mortality (MM), Potential years of life lost (YL), Infant health (IH), Communicable Diseases (PA) and (PP), Injuries (TA), and probabilities are less than 0.05 significant level. Regression model 1 are as follows:

$$HF_{\text{it}}=LE_{it}\alpha_1+log(\text{TD}_{it})\alpha_2+log(\text{SD}_{it})\alpha_3+IM_{it}\alpha_4+NM_{it}\alpha_5+PM_{it}\alpha_6+MM_{it}\alpha_7+log(\text{YL}_{it})\alpha_8+IH_{it}\alpha_9+PA_{it}\alpha_{10}+PP_{it}\alpha_{11}+log(\text{TA}_{it})\alpha_{12}+c_i+u_{it}, \quad (2)$$

Model 2 which indicate that Health expenditure and financing (HF) has significant relation on Life Expectancy, (LE), Number of total deaths, (TD), Deaths per 100.000 population (standardised rates) (SD), Infant mortality (IM), Neonatal mortality (NM), Perinatal mortality (PM), Infant health (IH), Communicable Diseases (PA) and (PP), Injuries (TA), and probabilities are less than 0.05 significant level. Regression model 2 are as follows:

$$HF_{\text{it}}=LE_{it}\alpha_1+log(\text{TD}_{it})\alpha_2+log(\text{SD}_{it})\alpha_3+IM_{it}\alpha_4+NM_{it}\alpha_5+PM_{it}\alpha_6+IH_{it}\alpha_7+PA_{it}\alpha_8+PP_{it}\alpha_9+log(\text{TA}_{it})\alpha_{10}+c_i+u_{it}, \quad (3)$$

Model 3 which indicate that General Government health expenditure and financing (GHF) has significant relation on Life Expectancy, (LE), Number of total deaths, (TD), Deaths per 100.000 population (standardised rates) (SD), Infant mortality (IM), Neonatal mortality (NM), Perinatal mortality (PM), Maternal mortality (MM), Potential years of life lost (YL), Infant health (IH), Communicable Diseases (PA) and (PP), Injuries (TA). Regression model 3 are as follows:

$$GHF_{it}=LE_{it}\alpha_1+log(TD_{it})\alpha_2+log(SD_{it})\alpha_3+IM_{it}\alpha_4+NM_{it}\alpha_5+PM_{it}\alpha_6+MM_{it}\alpha_7+log(YL_{it})\alpha_8+IH_{it}\alpha_9+PA_{it}\alpha_{10}+PP_{it}\alpha_{11}+log(TA_{it})\alpha_{12}+c_i+u_{it}, \quad (4)$$

Model 4 which indicate that General Government health expenditure and financing (GHF) has significant relation on Deaths per 100.000 population (standardised rates) (SD), Infant mortality (IM), Neonatal mortality (NM), Perinatal mortality (PM), Infant health (IH), Communicable Diseases (PA). Regression model 4 are as follows:

$$GHF_{it}=log(SD_{it})\alpha_1+IM_{it}\alpha_2+NM_{it}\alpha_3+PM_{it}\alpha_4+IH_{it}\alpha_5+PA_{it}\alpha_6+c_i+u_{it}, \quad (5)$$

Model 5 which indicate that Private Sector health expenditure and financing (PHF) has significant relation on Life Expectancy, (LE), Number of total deaths, (TD), Deaths per 100.000 population (standardised rates) (SD), Infant mortality (IM), Neonatal mortality (NM), Perinatal mortality (PM), Maternal mortality (MM), Potential years of life lost (YL), Infant health (IH), Communicable Diseases (PA) and (PP), Injuries (TA). Regression model 5 are as follows:

$$PHF_{it}=LE_{it}\alpha_1+log(TD_{it})\alpha_2+log(SD_{it})\alpha_3+IM_{it}\alpha_4+NM_{it}\alpha_5+PM_{it}\alpha_6+MM_{it}\alpha_7+log(YL_{it})\alpha_8+IH_{it}\alpha_9+PA_{it}\alpha_{10}+PP_{it}\alpha_{11}+log(TA_{it})\alpha_{12}+c_i+u_{it}, \quad (6)$$

Model 6 which indicate that Private Sector health expenditure and financing (PHF) has significant relation on Life Expectancy (LE), Number of total deaths (TD), Deaths per 100.000 population (standardised rates) (SD), Infant mortality (IM), Neonatal mortality (NM), Perinatal mortality (PM), Maternal mortality (MM), Infant health (IH), Potential years of life lost (YL), Communicable Diseases (PA). Regression model 6 are as follows:

$$PHF_{it}=LE_{it}\alpha_1+log(TD_{it})\alpha_2+log(SD_{it})\alpha_3+NM_{it}\alpha_4+PM_{it}\alpha_5+MM_{it}\alpha_6+log(YL_{it})\alpha_7+IH_{it}\alpha_8+PA_{it}\alpha_9+c_i+u_{it}, \quad (7)$$

As a result of this research; mainly Life Expectancy (LE), Number of total deaths (TD), Perinatal mortality (PM), Infant health (IH), Communicable Diseases- Incidence of AIDS (PA), Communicable Diseases- Incidence of pertussis (PP), Injuries in road traffic accident Injured per million population (TA) are affected positively by health expenditure and financing indicators which analysed in our models. And Deaths per 100.000 population (standardised rates) (SD), Infant mortality (IM), Neonatal mortality (NM), Maternal mortality (MM), Potential years of life lost (YL) are affected negatively by health expenditure and financing indicators which analysed in our models. In addition to that results the widened investigation of time interval and increased health status indicators will be more helpful for further studies.

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Contract farming application in the Vietnamese shrimp value chain

T. M. H. Ho1 and Ph. Burny2,3

[1]Institute of Agricultural Sciences for Southern Vietnam, 121 Nguyen Binh Khiem St., District 1, Ho Chi Minh City, Vietnam.
Email: hop.htm@iasvn.org
[2]Walloon Center for Agricultural Research, *Rue du Bordia 04,* 5030 Gembloux, Belgium
[3]Gembloux Agro-Bio Tech (University of Liège), Passage des Déportés 02, 5030 Gembloux, Belgium
Email: burny@cra.wallonie.be

Abstract

Shrimp value chain in Vietnam functions with a large number of farmers. They stay in the weakest position in the chain due to their small individual scale with an average land of about 0.5 ha/farm, and low skills (Ho, 2012). As a leader and holding the strongest power in the shrimp value chain, the processors determine shrimp prices and set up requirements of shrimp quality and size in the market though quality control has not been completely implemented due to the limitations of financial capital, knowledge, awareness, as well as the quality of raw material supplied by collectors and farmers. In order to help the shrimp sector to work more efficiently, the Vietnamese government brought together shrimp farmers and plant processors through a farming contract. Two years after this application, the contract farming model failed due to the floor price mechanism, risk sharing, small scale of the model while there are excess suppliers in the market, administrative misconception and inefficient public management. As a result, farmers still stay at the weakest position and the shrimp sector could not improve its product safety to adapt to the requirement of import markets.

The study results recommend necessarily a planning and projection of shrimp production zones, re-organizing shrimp farmers into legal teams or groups or cooperatives to increase the size of the existing shrimp cultivation units in Vietnam.

Keywords: contract farming**,** value chain, shrimp, Vietnam.

JEL CLASSIFICATION CODES: Q19.

1. Introduction

Shrimp culture has played an important role in the economy of Vietnam. It ranks third among the key economic sectors of the country's agriculture after rice and pangasius. The total export value reached three billion USD in 2015 (Fistenet, 2015). Vietnamese shrimps were exported to 92 different countries in the world in which Europe, Japan, and the United States are the main importers (Kinhtevadubao, 2016).

Though it contributed significant figures to the economy, shrimp in Vietnam is still known as a very sensitive sector which includes many different actors in its value chain. Shrimp farmers have stayed in the lowest position comparing to collectors and processors who have been holding the highest power in the chain.

In order to help the shrimp sector to work more efficiently, the Vietnamese government brought together shrimp farmers and plant processors through a farming contract. This paper will analyse the unique case of contract farming in shrimp value chain in Vietnam and propose suitable policies.

2. Demand for contract farming in the shrimp value chain in Vietnam

Contract farming is very important in agriculture in general, and in Vietnam aquaculture in particular. It helps actors in the value chain to reduce transaction cost, to give opportunities for innovation and product differentiation, to gain advantage derived from market information, to reduce risk and increase market power (Rehber, 1996).

In shrimp production it also increases demand for capital during the production process and creates high competition in shrimp product markets. Furthermore, most of actors in shrimp value chain found that shrimp production in Vietnam is an unsustainable sector due to low and unstable prices, high competition and lack of information in market prices. The shrimp value chain functions with a large number of farmers. They stayed in the weakest position in the chain due to their small individual scale with an average land of about 0.5 ha/farm, and low skills (Ho, 2012). They also expect to improve their production activities to get more benefit by increasing the possibility to access to capital, new technologies and having supports from suitable aquaculture policies.

Besides, like most of other agricultural products, shrimp production in Vietnam is changed year by year because of an increase or decrease of the number of producers due to the fluctuation prices of shrimp products. More farmers will join in the sector and more farmers will increase their production area if the prices are high. By contrast, some will give up their production and move to other aquaculture products such as fishes, crabs if the selling prices are low. At some cases, there is an excess supply which leads to a broken bottom of selling prices and consequently, there is a lack of shrimp raw material supply the next crop season due to a reduction of production. As a result, processors do not have stable shrimp raw material suppliers for their process.

Shrimp processors usually sign contracts with importers to supply an amount of products at a given time. These contracts often give a plan of amount of raw materials that the processors need to buy shrimps from farmers for their processing activities. However, shrimp production is not stable so that processors are not sure if they have enough inputs at the time they sign a contract. They therefore might reduce buying prices if there is an excess supply from farmers. They also might have to increase buying prices to collect shrimp if inputs are not enough in the market. Thus, both actors are not in stable position to play the game.

In addition, as a leader with more than 530 members (Van Duijn, 2012), and holding the strongest power in the shrimp value chain, the processors determine shrimp prices and set up requirements of shrimp quality and size in the market though quality control has not been completely implemented due to the limitations of financial capital, knowledge, awareness, as well as the quality of raw material supplied by collectors and farmers. Processors also have to assure that their export products are safe and satisfy all the quality requirements of importers, especially product traceability profiles (Ho, 2016).

Above mentions remarked that there is a mutual dependence between shrimp farmers and processors in the shrimp value chain. These two actors need to work together to develop a sustainable value chain in the shrimp sector. Contract farming therefore could offer an opportunity for both sides to improve their situations.

3. Contract farming in the shrimp value chain in Vietnam

A unique case of contract farming in the shrimp value chain was applied in Ben Tre province. This has been one of six provinces in the Mekong Delta (Ben Tre, Ca Mau, Bac Lieu, Soc Trang, Tra Vinh and Kien Giang) that is undergoing an intense shrimp production development which participated in the government program of promoting contract farming among farmers and processors. In this process, the Department of Agriculture and Rural Development of Ben Tre province played a key role (Figure 1). With a mobilizing campaign based on voluntary participation, it created in three districts of Ben Tre province (Binh Dai , Ba Tri and Thanh Phu) a model of nine shrimp groups of farmers who have production area of two to three hectares. These shrimp farmer groups signed an annual contract with Ben Tre Forestry-Aquaculture Import Export Company (FAQUIMEX). The provincial Agriculture and Rural Development Bank (AgriBank) participated in the model by providing capital loans through FAQUIMEX. This farming contract model was promoted by Vietnam government.

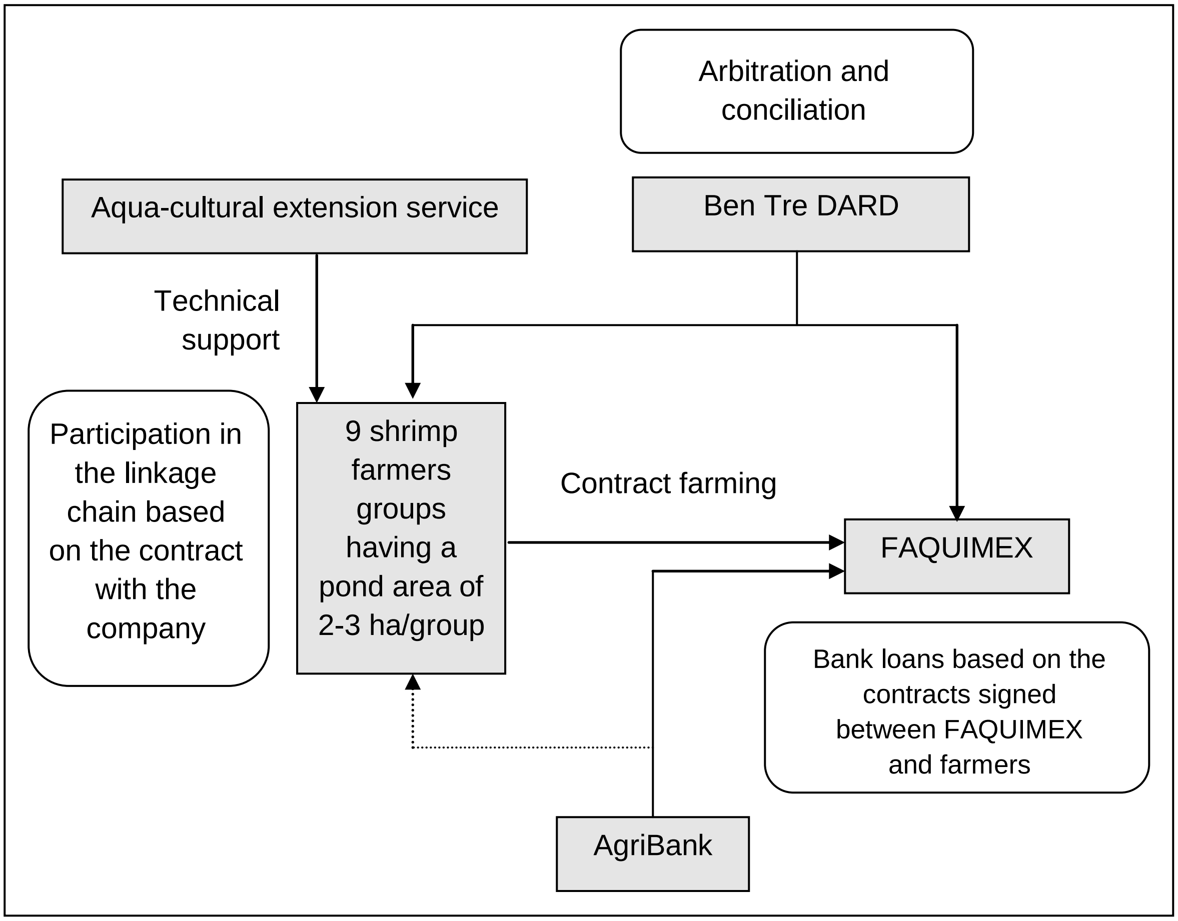


Figure 2 Contract farming model in the shrimp value chain in Vietnam

The main operating contract farming procedures were as follows:

- Farmers
    - Annual contract signing at floor price, selling product to FAQUIMEX at market price;
    - Free inputs purchase;
    - After 75 days of shrimp production, farmers were supplied with funds provided that FAQUIMEX technicians assessed they complied with technical requirements;
    - Farmers were allowed to sell shrimps to parties offering a higher price than FAQUIMEX, but would have to pay back their loan to FAQUIMEX with the Bank interest rate;
    - Technical supports are provided by Aquaculture Extension Service throughout the shrimp crop season;
    - Product must be compliant with food safety requirements.
- FAQUIMEX
    - Establishing contract farming with farmers;
    - As the legal entity to borrow funds from the bank;
    - Inspecting and monitoring the whole shrimp crop production;
    - Quantifying funds for farmers' loans.

4. Results and discussion

After two years of implementation, the farming contract was broken. The model had ended and could not continue its activities because of the withdraw of the FAQUIMEX. The main reason leading to this failure had been explained by both sides that it was not harmonious according to the interest of each side.

FAQUIMEX wanted to establish a stable input network that guaranteed the raw shrimp food safety because it is a delicate export product that must comply with traceability and food safety requirements such as HACCP issued by the importing countries. Farmers who participated in contract farming model wanted to have opportunities to increase their access to financial support advancement and confirm the product consumption market at the shrimp harvest crops. However, objectively, the main aim of both sides participating in the linkage model was to "maximize their profits".

The processing plant maximized their profits through the reduction of transaction costs (decrease of collecting and negotiating expenses) due to stable input supplies. Participant farmers maximized their profits through a stable price at the end of shrimp crop season and gained an access to fund after 75 days of shrimp production.

Analyzing the above-mentioned reasons, the following issues are standing out:

Firstly, the implementation of the "market price - floor price" mechanism was one of the main causes for this linkage model failure. With this shrimp price mechanism, participating farmers were allowed to sell their shrimp to the processing plant when the raw shrimp price on the market was lower than the "floor price", and could sell to other parties when the price offered was higher than that of FAQUIMEX. Alongside contracts signed with farmers, processing plants signed monthly contracts with importers based on the signing date price. However, because of shrimp processing plants limited capacity, Vietnam has no stable consumption market. Thus, from time to time, processing plants would not collect shrimp at equal or higher market price, and indirectly lower shrimp prices for farmers. Consequently, there would be a failure in contract farming because the processing plant could not gain any profit at all when participating in the contract. Obviously the processing plants turned back to the traditional "product-handout" system with small and desultory components or to develop their own raw material production. In brief, the contract has no significance.

Secondly, the model omitted to address risk share. The contract signed between farmers and FAQUIMEX in Ben Tre indeed did not totally mentioned how losses would be shared, while risks linked with diseases and natural calamities were rather high. Shrimp farmers ended up bearing full responsibility for these risks, particularly for the first 75 days of production. As most Vietnamese consider that "comfort is better than pride", this arrangement affected farmers enthusiasm to participate in the linkage chain or would lately lead farmers to leave after risk happening.

Thirdly, farming contract was disadvantaged in the market by the smallness of its scale compared to big shrimp production units. The linkages were established with 9 farmer groups scattered in three districts (Binh Dai, Ba Tri and Thanh Phu). Participant groups needed funds for their production. However, due to their business small scale, they could not legally borrow money from the bank, thus the loan had to be provided by FAQUIMEX. This dependence pushed farmers in a disadvantageous position regarding the contract terms negotiation. The small scale of

each farmer group prevented them to link up and benefit from group discounts by input suppliers (such as feed, veterinary medicine retailers). Besides, the supplies excess demands, in the fact, had no pressure from the market on the plants that they have to sign contracts with farmers provide that to develop their own raw material zones for competition.

Fourthly, the contract farming success has been affected by administrative misconception. As mentioned above, one of the processing enterprise's objectives in joining the linkage was to create a product traceability system. However, as farmers were freely allowed to buy inputs from different sources, processing plants were unable to control the raw shrimp quality and inputs uniformity - one of the first requirements in the administrative chain for product traceability. From then on, establishing a brand name for the shrimp products enterprise in order to access stringent international markets was jeopardized. This implies that the enterprise was unsatisfied with the model right from the start.

Fifthly, the Aquaculture Service could not fully play its management part in the linkage chain. For being the state management body in charge of the linkage chain coordination, the Aquaculture Service achieved in taking the initiative and driving model into operation. However, apart from production management, the Aquaculture Service had functions and power limitations that prevented it to solve the conflicts bursting between participants regarding their economic interests.

The foregoing are the main reasons that lead to the failure of contract farming in the aquaculture production between farmers and FAQUIMEX in Ben Tre province.

5. Conclusions

Theoretically, contract farming is very good for value chain actors to work together and help farmers to improve their negotiation power, increase their position in the chain. However, failure of contract farming in the shrimp value chain in Vietnam showed farmers still stay at the weakest position and the shrimp sector could not improve its product safety to adapt to the requirements of import markets.

The study results necessarily recommend a planning and projection of shrimp production zones, re-organizing shrimp farmers into legal teams or groups or cooperatives to increase the size of the existing shrimp cultivation units in Vietnam.

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Europe – The 21st century ”Promised Land” for Migrants?

Irina Ionescu

„Alexandru Ioan Cuza” University of Iasi, Romania

Doctoral School of Economics and Business Administration, ***jarulzica@yahoo.com***

Abstract

Huntington's "Clash of Civilizations" is more accurate than ever. Globalization biased the possibility of war zones spreading throughout the world, making the terrorism flagellum dangerous and deadly. The aftermath of nearly fifteen years of "war on terror" determined the creation of new conflict zones, the spread of deadly terrorist organizations, as well as millions of refugees seeking for a better future. The geography of populations sees one of the most important migration waves in centuries, as more people are heading towards Europe in a desperate attempt to build a new life.

The current article aims to analyze the new migrating wave Europe is confronting with, as well as its positive and negative outcomes. Will refugees return to what is left of their indigenous societies, or will they seek to integrate in the European "Promised Land" and establish here permanently?

As many European states consistently oppose to receiving new migrants and consider shutting down their borders, it is safe to wonder what will the actual costs Europe countries have to bear, in order to sustain millions of new comers. The present paper looks into the current migratory wave since its beginning, in early 2014, and aims to find answers for the challenges that are yet to come. The methodology focuses on an extensive literature review on terrorism, migrating waves and economic consequences, as well as on relevant statistics available at first-party sources such as Eurostat and Global Terrorism Database. By comparing the existing European and international data bases on terrorism, including the extensive literature in the field of migration costs and social costs, the present paper seeks to unravel whether the new migrants possess an actual threat to the European identity or stability, or will they become what Europe's aging population requires for a global revival in the future.

KEYWORDS: Migrants, terrorism, migration wave, statistics, impact

1. Introduction

The current migration crisis Europe is dealing with mainly represents the result of the Arab Spring which begun in the MENA region (Middle East and North Africa) in December 2010. Ever since then, important totalitarian rulers from countries like Tunisia, Egypt, Libya and Yemen have been forced out of power, while other countries like Morocco, Algeria, Iraq, Jordan, Kuwait and Sudan also experienced major protests.

Important Middle-eastern rulers like Gaddafi in Libya or Mubarak in Egypt were forced to resign and build new regimes. However, the massive protests opened the gate for further protests, civil wars and the appearance of insurgent armies, which led to a new era of conflicts. Plenty international terrorist organizations saw the benefits of joining the war for their own particular cause and started a new wave of terrorist attacks throughout the MENA region. Fearful terrorist organizations like ISIL, Al-Qaeda or Boko Haram sought the opportunity of invading new territories and generated massive attacks on governmental armies, leaving aside thousands of dead people and other millions captured, slavered or injured.

As a result, conflicts easily escalated in countries like Libya, Tunisia, Syria, Iraq, Afghanistan, Lebanon and Pakistan, determining the appearance of new civil wars, causing billions of dollars in casualties and over one million refugees.

In 2015 alone, ISIL conducted a number of over 1,000 terrorist incidents, leading to the death of over 6,000 people, and causing injuries to other 5,800 persons (Global Terrorism Index, 2015). It is estimated that, ever since the Syrian war has deployed, more than 7 million people had to relocate, both internally and externally. Moreover, statistics suggest a close link between the countries that are most affected by terrorism and the number of refugees or internally displaced people originated from those countries and seeking shelter somewhere safer.

Out of the five countries most affected by terrorism in the time period between 2010 and 2015, four of them (Iraq, Pakistan, Afghanistan and Syria) are accessible to Europe by land or by sea. Each of these countries counted for a number of over 100,000 first-time asylum applications in at least one European country, starting with 2014 and peaking in 2015.

As of the beginning of 2015, over 60 million people worldwide were displaced from their homes due to internal conflicts, civil wars and acts of terrorism (Global Terrorism Index, 2015).

In these circumstances, Huntington's "Clash of Civilizations" is more accurate than never. People of the two most popular faiths in the world, Christians and Muslims, are led through a war opposed to their will, which may impact the globe. Muslims' Quran does not indulge in slavery, acts of terrorism and terror against its own people or against other faiths, but interpreters sought the opportunity to manipulate the Sacred Text to feed their own requirements for power, money and supremacy, starting a rage against Western countries. On the other hand, Western countries have looked up to the Middle East countries for ages, engaging into their own wars to supply their constant requests for cheaper oil and economic supremacy. At the very core of these wars stand the "free people", those who oppose both regimes and seek only peace and a decent living for them and their families. Unfortunately, these are the ones who had to suffer the most, as they were unwillingly involved into other people's wars, losing homes, land, national autonomy and cultural independence. The results of this clash of civilizations are abrupt, uneven and impact millions of people worldwide. On one hand, refugees try to escape their imprisoned states and seek for shelter and protection elsewhere. On the other hand, those who can provide for that protection and caring mainly discriminate people coming from other cultural environments and offer limited help or, on the contrary, rage against them, forcing them to seek for other "Promised Lands".

Figure 1, as collected from UNHCR and NATO shows exactly how many millions of people reached for the refugee status ever since World War Two. World War Two generated over 15 million refugees, most of them relocating within the European borders. By comparison, since the beginning of the civil war in Syria, in 2010, the country alone has generated over 4 million refugees, out of which approximately one million (Eurostat, 2015) looked up to Europe as a new Promised Land, a future without wars and without the constant fear of death.

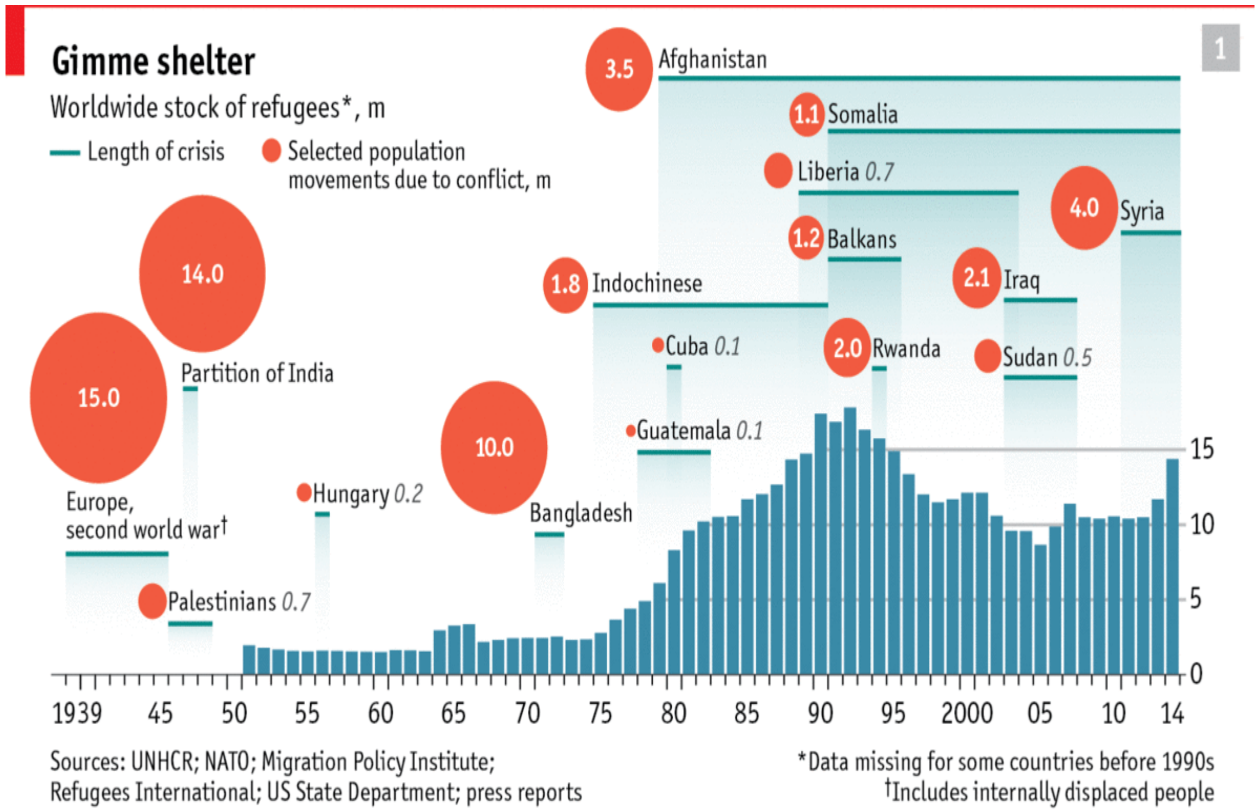


Figure 1: Number of worldwide refugees, per countries, including internally displaced people.

Europe now faces one of the most delicate problems of external politic in decades, which was vastly debated both by the European forums, as well as by international organizations (United Nations, NATO, etc.). According to official data extracted in September 2015 from Eurostat, there was an increase of 85% in the number of persons seeking asylum for the first time in EU-28 countries in the second trimester of 2015, as opposed to the same period of time in 2014 (Eurostat, 2015). As of spring 2016, there were over 1.2 million people seeking shelter and asylum on European territories. Out of these, around 363,000 came from Syria and another 178,000 from Afghanistan. The majority of the Syrian population has fled to neighbouring countries like Iraq, Jordan, Egypt, Lebanon, and Turkey. However, still a large part of it sought their luck overseas, trying to enter Europe and start a new life on some of the continent's large markets like Germany, France, or the Northern countries.

Over the past three years, along with the Syrians, Europe turned its face for thousands of citizens from Pakistan, Kosovo, Albania, Nigeria, Iran or Eritrea. The European Council on Refugees and Exiles sustains that Germany alone has hosted over 800,000 migrants, while the second largest economies, France and the UK, each counted for over 650,000. Strategically or not, asylum seekers seem to aim to countries which already enclose large ethnic minorities, such as Spain, France, Germany, the UK, or Belgium. Spain already is home for over 800,000 Moroccan ethnics, while France, due to its heavy colonizing politic led in the past, now hosts around 12 million citizens originating from former colonies such as Algeria, Morocco or Tunisia (French National Statistic Institute, 2008). United Kingdom has already confronted with numerous arguments in the past claiming that its open gate policy determined the country to absorb over 4 million outsiders, mainly coming from Pakistan, India, China, the Middle East

area, as well as from certain Eastern European countries. On the other hand, Germany already counts for the largest Turkish minority in the world, hosting over 4 million registered citizens.

However, such countries already experienced the expansion politic in the past and are now reluctant on receiving another uncontrolled wave of citizens seeking for asylum or the refugee status on their territory. Out of the former EU-28 countries, United Kingdom was the one vehemently protesting against the migration rate imposed by the EU's government, claiming it will not support any more foreigners looking to establish on their territory. Retaliation remarks and actions were seen across Europe, with countries such as Hungary going on the extremist side and building up thick fences surrounding its borders in order to prevent any more migrants taking up the route to join Europe's core.

2. Methodology

The paper aims to take a close look at socio-economic implications of the new migration wave in Europe. The vast literature on the field is up to date, determining the research to also draw up to date conclusions, based on recently passed events. The research process is relevant for further inquiries in the field as well.

The current work mainly focuses on reviewing relevant literature in the field, thus using qualitative methodology as the main tool. The data collected and interpreted comes from reliable first-party sources and includes, but does not limit to: Eurostat, Global Terrorism Index, Global Terrorism Database, the United Nations, NATO, OECD, International Monetary Fund, etc.

The main limitation of the research process counts for the lack of relevant papers to cover the current migration case hitting Europe. Most reliable sources cite newspapers articles and, sometimes, bercave the perspective and vision of an authorized figure in the field. Given the subject's novelty, there are still a reduced number of scientific and well-documented papers to offer pertinent opinion. However, the main lack of literature instigates to further inquiries and researches to sustain previously emitted hypotheses and establish a correlation between mutated social effects and the number of migrants a European country is willing to accept.

3. Social implications of the new European migration wave

We begin our researching process by affirming that social implications of the new migration wave in Europe are somewhat greater than any other aspects considered in the analysis. The European Union received a number of external critics, including the one of international organizations like the United Nations High Commissionaire on Refugees (UNHCR) or NATO for mishandling the current migration crisis.

According to Eurostat statistics (May 2016), during 2014 alone over 3.8 million people emigrated to one of the (former) EU-28 member states, including internal flows between different EU member states. However, among the total number of persons, over 1.6 million citizens were of non-member countries, mostly coming from the MENA region, as well as Pakistan, Albania or Turkey. Over 800,000 migrants solicited asylum in Germany alone in 2014, determining the new migration wave to become the largest one Europe has seen in over a century.

Moreover, as of Spring 2016, 1.2 million people applied for asylum in European countries estimating that, by the end of 2017, the total number of persons seeking asylum will raise to 3 million.

In the middle of the crisis, Germany's chancellor, Angela Merkel, continued to promote the "Wohlstand für Alle" ("Prosperity for All") politic, encouraging migrants to seek shelter and comfort

in the entire EU zone. The politic was harshly criticized by a number of local EU members, including the UK, France and Hungary, especially for the imposed migration cote by the European Union. This led to a series of side effects peaking with UK's referendum on leaving the European Union as a sign of its incapability to handle hundreds of thousands of new migrants continuously entering its borders. Hungary expressed its opposition even more drastically, by literally shutting all its borders and building large fences to protect itself from migrants taking the Western Europe route.

One of the most common and disputed social aspects of receiving a large flow of migrants regarded the migrant's behaviour once they reached their "Promised Lands" of choice. Country reports on 2015 show that Germany spent over 21 billion EUR just for sheltering and integrating refugees into the German society, apart from counselling, feeding and educating these foreigners. However, trying to integrate migrants into small German communities had quite the opposite effect on a national level. Cultural and religious differences played an important role into marginalizing these migrant communities even more. Once migrants locally regrouped in the new society they became un-submissive to local authorities and engaged into acts of violence. Only months away from openly receiving migrants into their small communities, several German cities experienced an increase in local crime rates, including robberies, assault and sexual assaults. The situation climaxed during the New Year's Eve, when numerous girls and young women reported sexual assaults by Syrian and Pakistani asylum seekers, while other hundreds of people reported minor acts of violence. The news was rapidly covered by the entire European press, while large press agencies such as BBC, CNN or The Guardian begun conducting their own analyses regard the impact of migrants throughout the European Union. The main problem raised by local and international authorities was whether migrants truly wanted to integrate into their new housing countries, or did they only seize the opportunity of leaving their own countries and burdening European hosting states with expenditures in terms of social security and assistance.

Another important social aspect emerging from receiving a large number of migrants on European territories includes demographic opportunities. Europe has become a living cemetery, battling with an aging population and overall negative demographic grow over the past two decades. Higher life standards and educational levels led to an over acknowledgment of life, determining a new phenomenon to raise among youngsters throughout Europe – the mirage of a fulfilled academic or career life determined people to minimize personal interrelations and postpone personal lives, including marriage and children. Even those who decide to get married and give birth to children mainly focus on providing and looking after only one child. Large families have massively decreased in the past decades, leading to a new trend among most Western and Northern countries – families with a single child. As a result, Europe now confronts with one of the most dangerous demographic crisis. In fact, in a desperate attempt of increasing its population, several Northern countries opened the borders and welcomed thousands of migrants and allured them into breeding more by offering various social and economic remunerations.

The population exodus Europe currently confronts with could become a leading solution to the continent's demographic problem. According to an UN report (2016), the new migration wave included incredible gender disparities and age group differences. Out of the approximately 1.3 million refugees and asylum seekers, around 58% consisted of labour active male counterparts, and only 17% were women. This incredible gender disparity could, in fact, help solving, at least on a small scale, the demographic problem, as most men refugees are sexually active and over 18 years old. On the other hand, cultural barriers and xenophobic preconceptions minimize the process of successfully integrating refugees into local communities across Europe.

Women asylum seekers count for around 170,000 and are even less likely to easily integrate in the new hosting countries. Refugee and asylum seeker women have little to no education, do not speak the language of the new country they will embrace and are strongly influenced by their male counterparts.

Moreover, due to their main embrace of the Muslim ideology and religion, women come by default with a minor role played in the society. Their main "function" is to become mothers and take care of the families, thus many women are denied the right to education. As a result, they will not be easily integrated in the labour force market and hosting countries will have to spend more money to support these lifestyles.

4. Economic implications

Apart from the social implications, reviewers of the new migration wave in Europe, as well as policy makers across the globe are more concerned about the economic impact these migrants will have upon Europe's labour market, both on the long and on the short term. Rakesh Sharma (2015) stated that there are three main short term economic effects of the crisis – an increase in the social sector spending, an altered labour market, as well as an increase in the aggregate demand. However, the main concerns regarding the short term effects of migrants change dramatically when analyzing and projecting the long-term effects. On the longer run, migrants may have their fair share on benefitting hosting countries, as they will draw investments, enhance the local economies and even diversify them.

It is estimated that Germany will spend up to three years for each migrant/ asylum seeker/ refugee in order to integrate him/ her in the new Western society and on the labour market. Sheltering, medical supplies and assistance, counselling and improving their skills represent only a few of the budgetary efforts Germany has to endure so that, at the end of the three-year training, new migrants could positively attend the national labour market. However, since estimates for 2017 count for around 3 million migrants jumping off the European Union, it comes as no surprise that not many European countries are willing or have the possibility to support the fair integration of migrants into their own societies.

Another short term effect estimated by policy makers regards the alteration of labour markets. Western economies with an aging population will be boosted by an increase of the working-age members, generating positive effects in the form of increased local GDPs. Technically, developed countries will abound in people willing to join local labour markets as most migrants are legally fit to work. However, since most migrants come with little to no skills and have no knowledge about the spoken language of the residing country, they will not be able to fit into the labour market easily. As a result, European wealthy countries will deal with an increase of the unemployment rate. Even those who manage to actively integrate in the society on the short term will mainly accept low-paid jobs that require low educational levels and little interaction with others.

On the bright side, new residents will also positively affect the economy in the terms of an increase in the aggregate demand. As most new comers come are of Arabic or Muslim ancestry, they will force the appearance of new market sectors which could revive local economies. Most migrants want to feel safe in their new hosting countries but without eliminating their cultural diversities. Thus, they will be more likely to integrate in Western cultures if they will keep their own traditions and customs, implying the creation and appearance of local shops, churches, schools, and thus, will inevitably increase the number of jobs.

On the short term, receiving economies will deal with increased expenses in terms of electricity bills, food supplies, etc. Since the beginning of the war in Syria (2008), almost 7 million people left the country in a desperate attempt to survive. Most of them sought understanding and sheltering in neighbouring countries like Lebanon and Jordan. This led to a sudden increase in local expenditures as well as to a negative trade balance and increased inflation rates. A published World Bank report showed that Lebanon experienced negative economic outcomes of over 2.6 billion USD for hosting

Syrian refugees. Another OECD report (2015) showed that, when it comes to education and possibility of entering the labour market, there is a gap of around 10% between migrants and natives, in countries with high immigration rates such as Greece or Belgium. When it comes to the biggest economies in the EU, France and Germany, studies show that there is also a significant educational gap between the children of natives and those of migrants. If the situation will not be remedied on the short term, the long term effects could include the perpetuation of a high unemployment rate amongst migrants, as well as limited social skills and overall outcast.

When it comes to medium term effects, the European Economic Forecast (Autumn 2015) report claims newcomers will actually have a "relatively small" economic impact, but overall positive. Experts expect a GDP increase of up to 0.3% above the baseline already established for 2020. However, these increases will vary depending on the country and its local impact in dealing with the migrant surge crisis. For instance, Germany will see a more significant increase in terms of economic impact as it already agreed on receiving and integrating the vast majority of asylum seekers, while other countries with smaller migrant rates will probably sense no differences in their local economies.

The long term prospects of the new migration wave in Europe are slightly more optimistic, as the previous expenditures made by receiving governments will be amortized. With an aging population and a severe lack of labour force, Europe could truly benefit from the large number of people looking to establish within the Union and seek job opportunities on the long run. Moreover, most migrants are willing to take the low income jobs that natives usually refuse, meaning they will be able to support local communities and actively contribute to an increased GDP per capita.

On the other hand, there are a few concerns regarding the status of highly skilled and trained migrants. Highly educated migrants could compete with natives on large income jobs, which could lead to a slight increase in the natives' unemployment rate. As a result, banks might feel pressured to lower the interest rates and give credits based on a more meticulous analysis, which could further translate in a decay of the property market, lower rents and an overall drop in the living sector.

However, out of the total number of migrants, less than 10% own superior studies degrees, meaning that most of these fears are unfounded. Migrants might be more aware of the "welfare shopping" concept, meaning that some of them are specifically targeting countries with improved benefit systems, which could allow them to live without worries at least for a few years. Germany struggles to remain true to its equality and equity concepts, by offering improved social service policies and allowing migrants to benefit from social care, education and counselling. Moreover, since it also offers increased compensations for migrants who lose their jobs, it comes as no surprise that Germany has truly become the "Promised Land" for most of the migrants willing to restart their lives in Europe.

All in all, the analysis revealed by the IMF report regarding the migrant crisis (2016) suggests that rapid labour market integration might be the key of reducing the net fiscal costs associated with looking after the inflow of asylum seekers. The earlier asylum seekers and refugees will be integrated in the active labour market, the easier it will be for hosting economies to amortize their spending.

5. Security concerns

One of Europe's biggest fears when it comes to opening the borders for up to three million migrants lays in the form of security concerns. Over 40% of the total number of migrants come from highly unstable states (Syria, Afghanistan, Pakistan, Nigeria and India), with increased criminality and terrorism rates. The increased fear of letting migrants in also comes from numerous proves showing that the latest European terrorist attacks were conducted by citizens originating from conflict zones

like Syria (Funk, Parkes, 2016). The large refugee flows seem like the perfect opening gate for foreign terrorists to reach the core of Europe and strike ruthlessly. For instance, the central Mediterranean route starting from Libya offers free and direct access to the Schengen, while the Eastern Mediterranean route through Turkey and then Greece offers advantageous large land borders, easily to be crossed by migrants and potential terrorists.

Other security issues have risen as there are rumours concerning a potential funding of terrorists and migrants by ISIL. ISIL is directly interested in destabilizing the EU, as well as its armed missions in the Middle East. The easiest way to do so is by striking from inside, thus employing and funding refugees.

US general and NATO commander, Philip Breedlove has claimed that ISIS "is spreading like cancer" among refugees originating from Syria, Iraq, Pakistan and Afghanistan (Alan Yuhas in The Guardian, March 1st 2016). His statements were later confirmed by Germany's head of domestic intelligence agency, BfV, Hans-Georg Maassen, sustaining that up to 4,000 terrorists are suspected of posing as migrants in order to reach Europe.

With three large terrorist attacks in less than a year (twice in Paris, once in Brussels), ISIS claiming responsibility in the area and threatening to deploy large amounts of terrorists becomes more serious by the day. In fact, until 2015 there were over 400 Belgium citizens who left the country to enrol as martyrs and further terrorists in the ISIL camps (Ian Bremmer in the Time, 2016). Losing ground and occupation in the Middle East, ISIL might make desperate attempts in order to recruit more jihadists to support their causes and might engage into further deadly high-scale terrorist attacks in Europe and North America.

Many of the European borders are now shutting in an attempt to minimize the exodus of migrants entering the continent, with some countries' governments (Poland and Bulgaria) affirming they were only willing to further accept Christian refugees. On the contrary, other countries such as Hungary have completely shut down their borders and are not allowing migrants to transit or reside in their countries many more. In a desperate attempt to minimize the financial and potential risk damages caused by the migration flood, the European Union has signed a treaty with Turkey, affirming it is willing to pay around 2.5 billion EUR for it to host, shelter, feed, and counsel the further migrants trying to reach Europe. In exchange, Turkey should receive certain privileges for its inhabitants, including the abolition of visas for travelling within the European Union and an acceleration regarding the EU adherence.

6. Conclusions

Apart from its obvious economic, financial and social implications, the new migration crisis Europe is dealing with currently also raises important discussions regarding national and international safety. Although Europe previously announced that it will be able to host around 1.5 million migrants looking to relocate from their warzones homes, the total population exodus could count up to 3 million refugees and asylum seekers by the end of 2017. Europe is currently trying to look for the best solutions to integrate the new comers into the Western societies as soon as possible, but cannot help but wonder about the true reason why some of these migrants chose Europe in the first place. Some migration contesters claimed that the population exodus is nothing more but an attempt to destabilize the European Union from its core and divide governments. And, given the inexplicable refuse of some of the wealthiest Arab countries (including Saudi Arabia and the United Arab Emirates) to host migrants coming from similar cultural backgrounds, some questions regarding national security are obviously raised.

On the long term, the current population exodus could be beneficial for an aging Europe, with Western countries being more able to support their national markets and maintain their competitiveness on an international level. However, there are certain social effects that cannot be denied, on both sides. On the one hand, the reluctance of countless migrants to obey the Western rules and customs already led to spontaneous protests and an increase of criminality rate. On the other hand, Europe has been severely affected by migrants throughout the past twenty years, meaning its indigenous population could react harshly and even xenophobic when it comes to receiving another flow of migrants from opposed and conservatory cultures. And, with the expand of Islamist radicalisation throughout the continent and more people looking forward to leaving their home countries in order to join the rebellious international terrorist organizations, it comes as no surprise that most EU agencies start to increase their security measures and look more carefully through the migrants they accept.

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The working conditions in Greece before and after crisis

Alexopoulou Ioanna and Theodoraki Chrisanthi

Graduate Students at Technological Educational Institute of Peloponnese, Kalamata Greece,
Email: **ioanna_alex@yahoo.com**, **chrisanthitheo@gmail.com**

Abstract:

After the beginning of the economic crisis in late 2009, Greece has entered in a phase of continuous austerity and fiscal adjustment, by applying harsh policy-measures in order to reduce spending and control debt. The "consolidation" measures resulted in a dramatic reduction of real income and in consumption, leading to a burst in unemployment

In response to the "need" for improved competitiveness in firm and country level, Greece was obliged by its creditors (troika and IMF), to apply specific policy measures in order to allow State interference in favor of more "elastic" labor relations and labor law, introducing a totally new reality in Greek market for labor. As a result, decisions and laws allow State intervention concerning minimum wages and the negotiations between employers and employees, in order to establish more flexible working conditions (redundancies, compensation etc.).

In the present work we attempt to highlight the most important changes in employment conditions that resulted in the adoption and application of specific laws from 2010 until today disclosing thus, the dramatic changes in our daily life.

Keywords*: financial crisis, continuous austerity, measures, debt, labour market.*

1 The meaning and importance of Labour relations

The existence of labour or industrial relations in an organization is a key prerequisite for smooth operation. Businesses to operate efficiently and to fulfill all the objectives they have set, they need group effort of all their members. To understand their function the configuration of an integrated view is required on the human behavior, as is manifested in the work environment, which will be achieved upon a constitutive study. Therefore, labour relations play a particularly important role in the course of the organization. For industrial or labour relations there is a clear definition instead occasionally have been given many different interpretations. In particular, as labour relations:

a. The relationships between the representative organizations of employees, employers and the State, on labour issues and generally on all matters that require a common representation

b. The mutual recognition of employers 'and employees' rights and obligations and their appropriate handling on the part of the representatives of their trade unions and the State, for the development of harmonious human relations and in particular to eliminate or even reduce the number and the severity of each professional disagreements.

c. The relations of mutual understanding of the obligations and rights between employees and employers and their grouping for the fulfillment of a common goal which is to "secure of livelihoods for the company and therefore resources for their lives."

According to the above, we can say that "labour relations" are the relationships that are formed between workers, employers and the State for labour issues and generally on all matters that require a common representation. It is therefore assumed that the industrial relations system is the triangle relationship work-employer-state.

Labour relations dealing with salary, employment and unemployment, collective negotiations, collective contracts, collective disputes and strikes and the impact of new technology on employment and institution of participation. As a result of all the above, it becomes clear to the employee the content of labour relations, with the help of creating rational human relations in the work process. Still, regulates relations between existing manager- to be harmonics, identify existing problems and ultimately slander in increase productivity. In conclusion, we conclude that the existence of labour relations in an organization is necessary.

2 Basic legal framework for labour relations

2.1 The current situation

Working could be defined as employment or human activity, which can be physical or mental, usually combination of both, designed to any purpose.

Until now the Labour supply is divided into:

- Dependent work which **addressed** all topics related work the employer and the employee (employee) is obliged to comply.
- Providing independent services, where the employee is the one who controls the process of work, which provides to third parties for a fee, concluding with each client lease (independent) services (fixed or indefinite)
- Dependent public employment - civil service relationship: The relationship of the worker with the government and the **NPDD** (public entities) are known as civil service relationship.
- Private Dependent work in public: Relationship employment with the government and the NPDD may be governed by the provisions of private law, contract for a fixed or indefinite term or contract work (especially for this project and in places that are not organic.

Subsequently of this section will refer extensively to the most common form of employment relationship, that of employment, and the legal framework that surrounds, followed by the reference to the fields that have changed over the years of crisis.

Then, we will refer to the collective Labour agreement (SSE), the types of and that formed today. Also, we see that the minimum wage amounted national general collective agreement (E.G.S.S.E).

2.2 The employment contract

The working relationship shall include the conditions under which the employee undertakes to perform the work. Created from the actual time the employee is regardless of the validity of the contract, after the employment relationship may be concluded either defective contract; the flaw can be either the contracting parties or in the subject of matter, the content or the form in which surrounded- or without any contract that is no typical.

Therefore, as an employment contract, or briefly "Employment Agreement" could be defined that the continuous ordinary reciprocal a contractual agreement private law between two parties in which the one hand,(Employee), is always a natural person and is subject to the managerial prerogative the second party (employer), which can be either natural or legal person undertakes to have repeated in time units (hours) of labour force to the second party, who must pay as compensation a property benefit (salary)

2.2.1 Types of dependent Labour

The CEC divided into open-ended employment contract, employment contract fixed-term and part-time employment contract.

The open-ended employment contract, stipulated between Contracting for an indefinite period, is not determined the duration of the agreement employer-employee.

In fixed-term employment contract, specifying the period within which the employee will provide the services.

Part-time employment contract (part - time) is a special employment relationship form, more informal and flexible form of employment, as well enabling both employers if they have more flexibility in their company, and employees if combine family and work or study and work.

2.3 The obligations of the parties to the employment contract

A special feature of the parties' rights and obligations created with the employment contract, it is their inverse correlation, is any rights imposes a corresponding obligation of the other, and each obligation generally establishes the corresponding right of the other.

Apart from the basic obligations imposed on the parties by the legal bond of the employment relationship have been identified, and other claims arising from the nature of the employment contract and the close bond that links the employee and the employer.

2.3.1 The obligations of the employee

1. Obligation of work performed personally
2. "Faith Obligation"
3. Obligation of obedience to the employer

2.3.2 The obligations of the employer

1. Obligation care for the health and life of the employees
2. Obligation to enter the employee in social security
3. Obligation for employment of the employee
4. License Obligation for the type and duration of working
5. Obligation to respect of the employee's personality
6. Obligation to equal treatment

2.4 The employment contract

For valid employment contract all the training should apply defined by the Civil Code requirements for validity every transaction. For this reason we have:

i. Ability to legal transaction of the parties.
ii. Non flawed quotes
iii. Coincidence of statement and will.
iv. Agreement of the parties quotes.
v. Observance of the required type.
vi. Lawful content.

2.5 The suspension and changes of employment relationships

Suspension of employment recommends removing / terminating an employment relationship and execution of the obligations of counterparties. This remains effect if continued after the end of the causes of the detention.

Forms of suspension:

- Conventional suspension.
- Suspension by law.

It includes annual and other employee licenses as license maternity, sick and more

1. Suspension from the side of the employer.

- Suspension from the perspective of the employee.

Suspension of work for the following reasons relating to the employee:

- ➢ On the mandatory annual leave.
- ➢ In women during childbirth.
- ➢ At unintentional inability to provide, namely because of serious reason, prevented the employee to carry out his work. As such reason is considered the short-term illness.

Types of alteration

- ✓ The unilateral alternation.
- ✓ Unilateral detrimental alteration of conditions by the employer

2.6 The collective Labour agreement

Collective agreement is the free collective bargaining, which drawn between representative employees 'and employers' and defines the conditions that will regulate the individual employment contracts States parties organizations.

The purpose of collective agreements is the normalization of relations between employees and employers, the creation of peace conditions, between employees and employers.

2.6.1 Types of collective agreements

The Collective Labour Agreements are distinguished according to the professional sector in which they are reported, and the local power in the following categories:

1. In national general, relating to workers of the entire country.
2. Sectoral, involving them more like employees or related holdings or a particular city or region or business and of the entire country.
3. The operational, relating to a farm workers or business.
4. National inter-professional, involving employees fixed profession or related disciplines across the country.
5. Local inter-professional, relating to certain employees or profession and related disciplines particular city or region.

2.7 Collective Labour agreements: Pre-crisis vs post crisis situation

Pre-crisis:

Before the implementation of memoranda Labour Minister had the opportunity to expand and generally declared compulsory for all employees in the industry or profession, collective agreement, which was concluded with the participation of employers employing 51% of employees in the industry or profession.

Post crisis:

Collective agreements are now only **binding on the employers** and employees who are **members of the signatory** trade unions in (S.S.E).

Employer that does not belong to the contracting trade unions **not bound to abide by it.**

2.8 Reduction of minimum salary

One of the most important and strongly debated changes in Labour issues is reduction of the minimum salary. The reduction of the minimum salary was designed and organized in order to lower domestic prices and hence be increasing competitiveness and exports. But instead of the expected increase of competitiveness, a decreased of purchasing power happened as a result of the smaller nominal earnings, including other species of earnings, such as bonuses and over-time. Thus, the succeeded increase in the index by 9.1% in the three years from 2010 to 2012 resulted actually to a reduction of purchasing power of salaries per employee by 20% approximately. Therefore, all employees have losses as a social group, leading to unemployment, and additional losses in households' income.

Before the changes brought about by the laws of memorandum object of the National General Collective Agreement, was to set the minimum working conditions applicable to all employers and employees throughout the country, regardless of whether their subordinate in had settings membership of Contracting unions. Moreover, the adoption of general minimum salary limits were not the legislator, at least in the modern history of collective Labour relations, and the determination of thresholds was the prerogative of the social partners.

With the new rules, a fundamental change in the minimum salaries of workers across the country occurs. The minimum salary limits now adopted by the legislature while the E.G.S.S.E. determined not only wage-conditions relating to all employees across the country. If the E.G.S.S.E. established conditions and wage (basic salary, allowances and any kind of supplements), they apply only to workers employed in the Contracting States Employers employer organizations.

All data presented in the following tables, come from official data and personal calculation.

How gross earnings and 11 economic losses formed there are:

Table 1: Salary for the unmarried

Years of service	Minimum salary (Pre-crisis)	Minimum salary (Post crisis)	Monthly economic loss
0-3	751,39	586,08	165,31
3-6	813,99	634,91	179,08

6-9	887,99	692,93	196,36
9-OVER	961,99	750,35	211,64

Figure 1: Salaries pre vs post crisis for the unmarried.

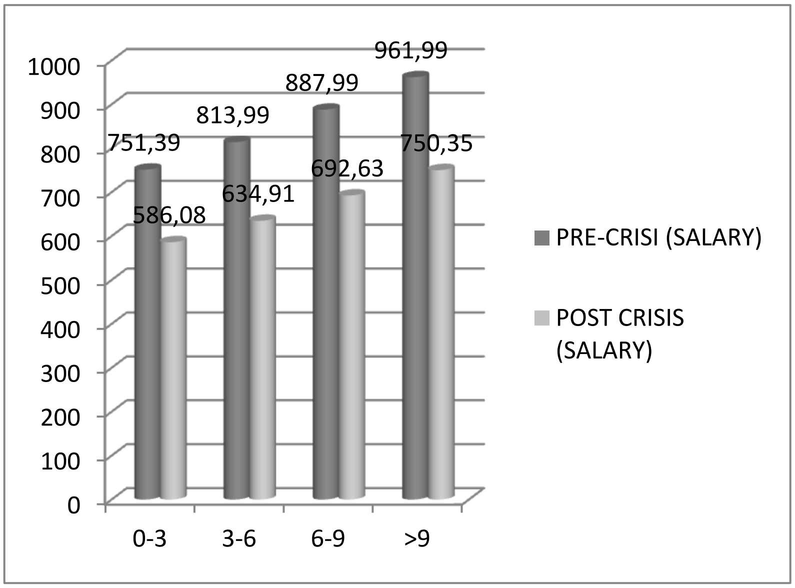
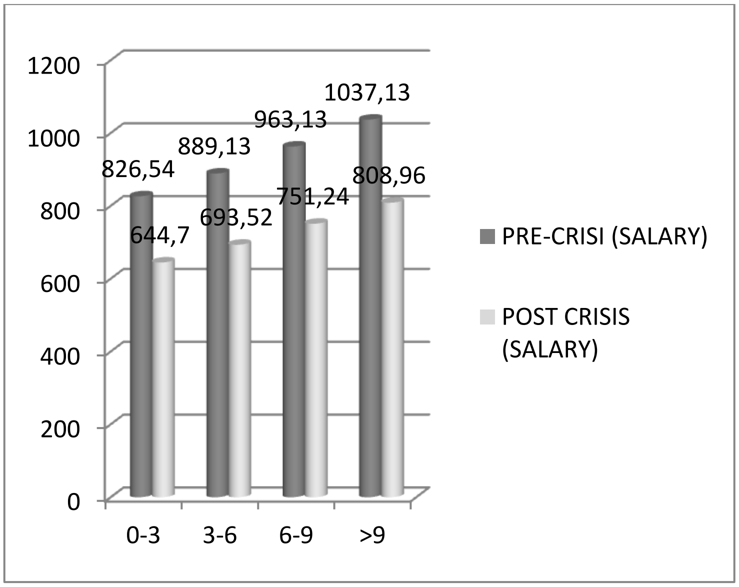


Table 2: Salaries for the married

Years of service	Minimum salary (Pre-crisis)	Minimum salary (Post crisis)	Minimum salary (Post crisis)
0-3	826,54	644,70	181,84
3-6	889,13	693,52	195,61
6-9	963,13	751,24	211,89
9-OVER	1037,13	808,96	228,17

Figure 2: Figure 1: Salaries pre vs post crisis for the


1200
1000
800
600
400
200
0
826,54
889,13
963,13
1037,13
644,7
693,52
751,24
808,96
0-3
3-6
6-9
>9
PRE-CRISI (SALARY)
POST CRISIS (SALARY)

Minimum limits of earnings of employees of age 25 years and over

Table 3: Employees 25 years old and over.

Years of service	Basic salary	3 years bonus	Total earnings
0-3	586,08	0,00	586,08
3-6	586,08	58,61	644,69
6-9	586,08	117,22	703,30
9-OVER	586,08	175,82	761,90

Table 4: Craftsman 25 years old and over.

Years of service	Basic salary	3 years bonus	Total earnings
0-3	26,18	0,00	26,18
3-6	26,18	1,31	27,49
6-9	26,18	2,62	28,80
9-12	26,18	3,93	30,11
12-15	26,18	5,24	31,42
15-18	26,18	6,55	32,73
18-OVER	26,18	7,85	34,03

Minimum limits of earnings of employees until age 25 years and over

Table 5: Employees until 25 years old and over.

Years of service	Basic salary	3 years bonus	Total earnings
0-3	510,95	0,00	510,95
3-OVER	510,95	51,10	562,05

Table 6: Craftsman until 25 years old and over.

Years of service	Basic salary	3 years bonus	Total earnings
0-3	22,83	0,00	22,83
3-6	22,83	1,14	23,97
6-OVER	22,83	2,28	25,11

2.9 Freeze in increases and maturing

Significant change in Labour legislation is the "freezing" of increases and maturation. In order to reduce the nominal unit cost work in the economy and increase employment in the medium to term, maturity benefits is now linked with the General Collective Labour Agreement (G.S.S.E.) will be defined by legislative means. These benefits are as follows:

- As a "maturing bonus" we mean the bonus paid to all of the employee's length of service in the same or another employer
- As "education grant" is defined in the corresponding allowance granted to under Titles: higher education, postgraduate degrees and vocational education
- As a "dangerous work bonus" we mean the bonus granted because working conditions which involve a risk for the physical integrity and life of the worker.
- As a "wedding bonus" we mean the bonus payable to married workers (men and women) and is estimated at 10%.

The tables below us can see in detail that formed the salary of married and unmarried staff for ages and under 25 years of age:

Table 7: Changes in salaries from 14/2/2012

Years of service	Basic salary from 14/2/2012	3 years bonus	Wedding bonus	Total of unmarried from 14/2/20 12	Total married from 14/2/2012
0-3	586,08	0,00	58,61	586,08	644,69
3-6	586,08	58,61	58,61	644,69	703,30
6-9	586,08	117,22	58,61	703,30	761,91
9-OVER	586,08	175,82	58,61	761,90	820,51

Table 8: Changes in salaries of employees until 25 years of age from 14/2/2012

Years of service	Basic salary from 14/2/2012	3 years bonus	Wedding bonus	Total of unmarried from 14/2/2012	Total married from 14/2/2012
0-3	510,95	0,00	51,10	510,95	562,05
3-OVER	510,95	51,10	51,10	562,05	613,15

3 Individual contracts

3.1 Part-time and job rotation

3.1.1 Part-time

By part time is meant the daily or weekly or fortnightly or monthly work for a definite or indefinite period which is shorter than normal, that is to say full employment. Partial employment usually refers to the daily work schedule less than of the full working time and for the most part less than six (6) hours.

Today, due to the economic crisis and the downturn in the market globally, significant changes have been created in working relationships with direct consequence of reducing the number of full-time employees and the increase of part-time employees. The application of a partial Employment has always been possible under the principle of freedom of contracts. However, in fact until the end of the 1980s the part-time contracts were rare. Today in our country application of part-time is more and more common after suits enterprises by reducing the costs that result.

Part-time employees are entitled to equal treatment in relation to the other staff as provided by the Constitution without distinction to each employee and determined by the respective working conditions business. With note however, that if there antisocial reasons there may be some variation in working hours.

3.1.2 Job rotation

As job rotation is considered part-time during which the worker employed in the employer's business at full time, minus but less than those applicable in the business working days a week, month or year. The difference of this working system in relation to part-time work is that in the latter case the employee is employed hand throughout the week, month or year but part-time (compared with the statutory or conventional time). For example, job rotation occurs when the employee works in a company of two or three days a week, full-time and part-time is when the employee works during all days of the week, month or year but four or five hours per day. It is possible to have both forms of employment (rotating and part-time), when example the employee provides his services three days a week for five hours a day.

Assistance from the law overall protection of workers with partial Employment covers employees under contract alternately Labour.

3.2 Settlement of working time

Businesses have the opportunity for a while to increase daily working hours (over eight hours) without incurring payment overtime and any other increases due to additional work. As for the most of these extra hours are offset the half-time working in a next work period.

3.3 Fixed time-term contracts

Of great importance is the determination of the duration of the relationship dependent working because depending on the duration of the employment relationship, if fixed or indefinite differentiated manner and conditions termination of the employment relationship and particularly the amount of compensation due to dismissal.

An employment relationship is considered fixed when this duration or defined by precise timing of the end date (for example, fixed working hours is considered the contract in any indicated "the contract expires on 5/31/2013" or "the employee hired to work for a period of two months from the date of conclusion of this contract ") or

deduced from the nature and purpose, as in the case of probationary employment contract or when attached to the execution of certain appointments or project (for example, when a employee hired for temporary replacement of another where the employee is absent).

3.4 Employee availability

If for various reasons a company has some financial difficulties and limited significantly the economic activity, the employer may impose a temporary suspension of private employment contract law, with the right of an employee to receive reduced pay.

The above measure- volume salaried- usually taken as a measure both against redundancies and for addressing the economic difficulties with all the unpleasant consequences, such instance payment of compensation or the deprivation of a qualified member.

3.5 Layoffs

3.5.1 Collective redundancies

The issue of simultaneous dismissal of several employees from a business, because of the serious impact that creates not only individual but also at the wider social, regulated in a special way by the labour legislation.

The reasons that can lead a company to collective redundancies is Various, but mainly refer to financial problems of the company, requiring inter alia reduce labour costs and either from technological and productive restructuring of the company, which also lead to the need to reduce staff, whether caused by ownership changes (transfer procedures, merger, etc.) or because of transfer of the business or the end result from the definitive closure a business or an installation.

Collective redundancies are considered, as follows:

- ✓ For enterprises employing 20-150 people, there are allowed six month layoff.
- ✓ While for companies employing more than 150 employees, down 5% of staff can be dismissed per month maximum of 30 employees.

3.5.2 Sediments

To the new provisions, the legislator for determining compensation separates employees into three categories:

- ➢ Workers who have not completed 16 years of service.
- ➢ Workers who have experience more than 17 years.
- ➢ Finally, employees who retire with full retirement conditions.

With the new layout, the new notice period in case termination of indefinite private employment contract official notice (regular report) are as follows. The Employees who have served the same employer than twelve (12) months filled in up to two (2) years, the notice period amounting to one (1) month before the dismissal.

- ❖ Still, employees who have completed two (2) years of service in same employer for up to five (5) years, the notice period amounting to two (2) months before the dismissal.
- ❖ Employees who have completed five (5) years in the same employer up to ten (1) year, the notice period amounting to three (3) months before the dismissal.
- ❖ Finally, employees who have completed ten (10) years of service in same employer or more, the notice period is to four (4) months prior to dismissal.
- ❖ It is very important to mention that if the employer complied with the above deadlines shall pay to who is dismissed severance pay equal to half of the severance pay for termination without notice (see. Centralized employees' compensation table).
- ❖ From all the above it is therefore clear that reducing the time bode facilitates the employer to make notice of termination and indirectly reduce the cost of dismissal so paying half the compensation relative to that which would be paid under the system of unannounced complaint.

As shown in the table below, if an employee is dismissed experience having completed sixteen (16) years of age will receive compensation severance equal to 12 months' salary, as was the case until now, as much extra experience and if completed with the same employer, this will not be taken into account for determining severance pay. Therefore, an employee who has completed 17 years with the same employer in the event of dismissal is impaired since it does not benefit anything from the experience. Finally, therefore we as next unit salary paid based on their 12 years of service salaries. In addition to compensation on the basis of what we mentioned above length of service to 16 years, especially the employees who have completed seventeen (17) years of work with the same employer at any time and if fired, will entitled, extra compensation is increased by a monthly salary for each additional year of service up to 12 monthly salaries.

However, those who have experience over 17 years, the number of additional compensation salary "freeze" in the years of service, at any time and if eventually become redundant.

4. Empirical analysis

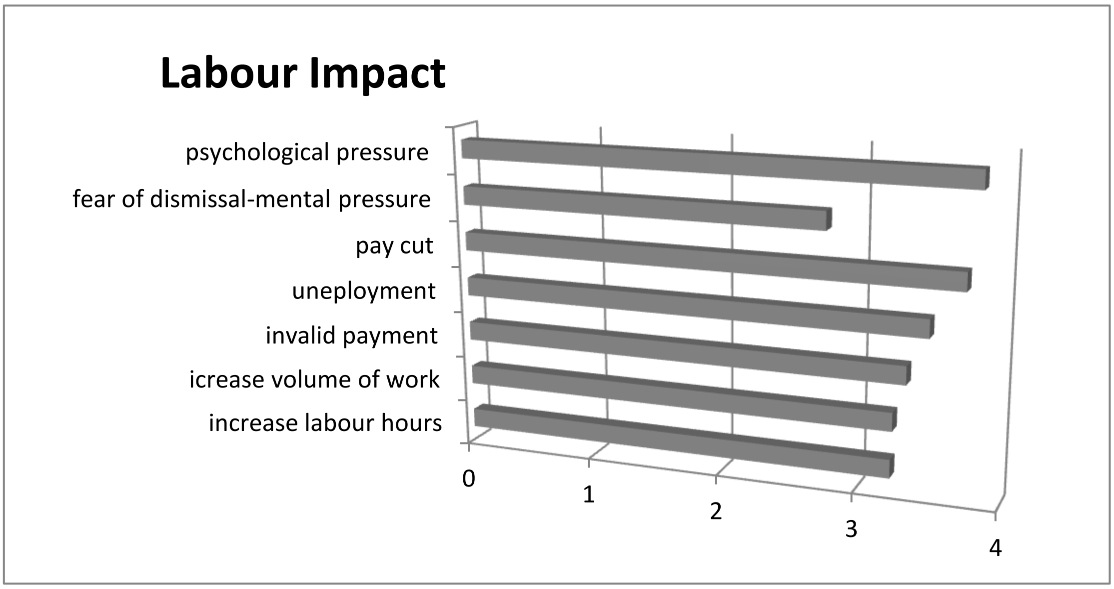
From May to October at 2016, a group of students of department of Accounting and Finance-TEI of Peloponnese (coordinator- Ilias Makris, Associate Professor), investigate (among others) the impact of crisis in working conditions, using questionnaire. The sample was 591 employees classified in three groups:

1. 18-25 years old,
2. 26-40 years old and
3. Up to 40 years old.

The places, where this research take place was Rhodes, Kalamata, Piraeus, Messinia, Chania etc.

The main outcome from this research is that the vast majority of the employees, claim that work conditions have been impaired, in many ways (salaries, working conditions, legal framework in regard to dismissals etc).

Also our findings indicate that older people (26-40) seem afraid mostly the loss of their jobs, probably due to their need to provide the necessary goods to their family. Adversely, only the 23% of the youngest people (>25 years old) seem to worry about that.



Conclusion

The study and understanding of all information and data set out above lead to the conclusion that changes in Labour relations overturn, substantial and rapid manner, the individual and collective Labour law as it was established after the war by the working legislation and collective agreements.

Analyzing the changes in Labour relations, we see that formed a new working stage which is to the detriment of the employee. In particular, changes occur in the collective bargaining system in our country and the amendment of the Arbitration provisions.

In addition, flexibility is created in the formulation of pay, so we reduction of minimum salary differentiated by age, freeze increases and maturing and, most importantly, the general first minimum salary limits laid down by the legislature, while the determined not only salary-conditions related to all employees in the country.

It also creates greater flexibility of employment content flexible forms of work. Moreover, various configurations occur instantly or indirectly, the changes in the organization of working time of employees, as and how remuneration exceeding the overtime.

Finally, changes are being created the limits of collective redundancies and longer amount of compensation paid in case of termination indefinite employment contract is severely limited.

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Rewriting the old Social Tourism Schemes to boost domestic tourism?

D. Kyriakou[1] and D. Belias[2]

[1]Department of Economic Sciences, Aristotle University of Thessaloniki, Greece
[2]Department of Physical Education and Sports Science, University of Thessaly, Greece
Email: dkyriakou@econ.auth.gr

Abstract

During the last two decades tourism in Greece has become a mass industry concentrated in the island areas. Although they were not part of the more developed regions of the country, tourism in its current structure contributes to the strengthening of interregional disparities in Greece. Simultaneously, a question was raised whether the domestic tourism market can increase, and can it offer a socio-economic alternative to its further expansion.

Social Tourism may be seen simply as a 'reward' for deviant behavior of the moral underclass or for groups that do not contribute greatly to society. Although low income is a problem beyond the control of the tourist industry, certain strategies have been adopted to gain access to this market, eg enabling low income consumers to pay current 'market' prices or reducing prices or in ways which simultaneously stimulate the local economy and increase the income of the state via taxation and a reduction of unemployment benefits.

The motivations for provision are equally diverse: social tourism can be seen as the expression of a fundamental right to travel, as a vehicle for the economic development of regions, as a measure to increase social inclusion or as a route to greater European citizenship [1].

In the current socio-economic context, the future of this kind of social tourism programs may be uncertain, given that one of the major concerns of the government is to decrease expenditures. The multi-faceted aspect of social tourism makes the phenomenon a difficult concept to define: with initiatives ranging from voucher schemes and government intervention, can it really stimulate domestic tourism and alleviate the effects of the current economic crisis?

Keywords: Social Tourism, Tourism Planning, Regional Development, Tourism Policy, Domestic Tourism

JEL: L83, O21, R11

Introductory thoughts

With developments in contemporary society, the standard of living of working people has altered considerably in many countries. The circumstances in which holidays and tourism are conducted have also undergone profound changes. Further, there is no longer aprecise correspondence between the concept of an annual paid holiday and that of social tourism. Under the latter heading we now include the holidays and tourism of all those who still have need of social intervention to obtain the tourism 'goods'. These include a great number of workers and the families of workers, a large proportion [2]

Hunziker describes Social Tourism as ‘‘the relationships and phenomena in the field of tourism resulting from participation in travel by economically weak or otherwise disadvantaged elements in society’’[1]. It encompasses a variety of different initiatives, commercial and non-commercial, governmental and private, that aim to offer holiday experiences to groups that would not otherwise have them. It has been defined as ‘‘tourism with an added moral value, which aims to benefit either the host or the visitor in the tourism exchange’’[3]. Examples of Social Tourism range from holiday initiatives for people with disabilities and charity holidays for children from disadvantaged backgrounds tothe development of community-based tourism in economically underdeveloped areas.

In Europe, between 48% and 77% of the population take a yearly holiday of at least 4 days [10]. In some countries holidays are not seen as a luxury, but as an answer to a human need, and an opportunity for relation building, personal development and social integration. These countries support holiday opportunities for low-income groups, often in the form of domestic breaks or day trips, with specific government initiatives. Social Tourism is not seen as “just a holiday”, but as a form of social intervention, and a way to achieve social goals. At the same time, it is considered to be a contribution to employment and economic development. In other words, social tourism initiatives usually aim to combine social benefits with economic stimulation of the tourism industry in a way that is cost-effective for the tax payer, which is often achieved via public-private partnerships. [7].

According to the Western European model, social tourism development typically aims to offer services at attractive prices to persons who would otherwise be excluded from tourism [21]. A further objective may be to promote authentic tourist locations and to organise sustainable holiday stays which focus on social, learning, cultural and sports components [13]. Social tourism has been the key to the development of certain isolated regions, by reviving the local economy through the facilitation of domestic travel and the stimulation of revenue creation at domestic destinations.

But what policy makers in Greece can actually do to develop and expand domestic tourism through re-starting social tourism schemes in order to combat economic crisis as well as tackle down seasonality thus create a sustainable and viable tourism product in Greece? Although it could be argued that the topic covered reflects seasoned thinking about answering the question 'what can be done' and if everything was 'well done', mixing terms of domestic and social tourism, as it can be seen in the core text of this paper, surfaces as a means towards the light of the tunnel.

Theoretical Background

The precepts of modern social tourism were being laid early in the 20th century when the principle of paid leave for workers was adopted. For example, it has been noted that France’s trade unions, as early as the implementation of paid leave in the 1930s, were promoting not only the value of tourism for relaxation from work but also for development of the mind and the body [15]. One form of social tourism developed in the socialist countries (or centrally planned economies as Allcock and Przeclawski [11] prefer to serve several needs. Unlike the tourism phenomenon in capitalist societies where tourism symbolised freedom, choice and individuality, in socialist countries belonging to the Warsaw Pact or the Council for Mutual Economic Aid, tourism was geared to serving socialist needs. These ranged from provision of rest and relaxation for the workers of socialist production in order to enable their future production, to fostering communist solidarity by touring fellow communist countries, to use of tourism as a method of fostering ‘‘socialist education’’ for youth [11].

The World Tourism Conference, held in October 1980 in Manila, produced a document of great historical importance. 107 governmental representatives and delegates from the 90 or so commercial and associate organisations which most represent the tourism sector signed “The Manila Declaration on World Tourism”. This Declaration accords present-day tourism its true role and its proper dimensions. Of greatest interest for us is the affirmation that:

'Modem tourism was born out of the application of social policies which led to industrial workers obtaining annual paid holidays, and at the same time found its expression through the recognition of the basic human right to rest and leisure.' [24]

In this statement, the Manila Conference recalled the fundamental role that paid holidays for industrial workers - for long identified with the concept of ‘popular tourism’, and then with the concept of ‘social tourism’ - have played, and still play, in the patterns of world tourism flows. [2]

Social tourism has received renewed interest from the academic community as tourism’s importance within developed economies and societies has become established. Various researchers have sought to highlight: the transformative social possibilities of tourism [6]; concerns about equality of access and participation [9]; and the individual and social benefits that can be derived from participation by disadvantaged groups [1]. The benefits of social tourism have been elaborated in relation to specific groups, such as children with terminal cancer [5]

In several countries of mainland Europe (for example France, Belgium, Spain), Social Tourism is supported by public funding, and mostly takes the form of low-cost domestic holidays. In these countries, the basis for provision is the perceived right of all to enjoy tourism [1]. Social Tourism is provided on the grounds that it increases equality between groups of society [3]. In these circumstances, any public funding for Social Tourism depends upon utilitarian considerations: whether it can confer net benefits to society as a whole [3].

Where Social Tourism is an established part of public policy, its benefits are strongly asserted. The European Economic and Social Committee (EESC) for example, in its Barcelona declaration, links Social Tourism to a set of benefits, which include improvement of well-being, personal development of the beneficiaries and the host community, European citizenship, improved health and increased employment opportunities [18], and describes the member state governments as stakeholders in this form of tourism [18].

Finance for such organizations also comes from unions and employers. There are also savings schemes financed jointly by unions, employers, the tourist industry and others. which enable savers to obtain discounted holidays and transport. [8]

The crucial role of tourism has been well documented in literature, and tourism is often perceived as a catalyst for national and regional economic development, revitalizing communities and providing benefits to the local population [25;35]. Research suggests that in times of economic uncertainty, perceptions and attitudes are subject to various types of economic and psychological influences [33]. As many tourism destinations in Southern Europe are currently in economic recession, with their residents facing budget cuts and austerity measures, the economic context of the study, that is, the way residents perceive the state of their local economy, is expected to influence their responses to tourism expenditure. Nevertheless, previous research focused solely on exploring the effect of economic crises on tourism demand [27; 30; 31].

Literature distinguishes between local demand for external tourism (outbound tourism) and demand for domestic tourism. The demand for domestic tourism is classified into external

demand (inbound tourism) and local demand. External tourism has a bigger multiplier effect on the economy in the form of increased tourism income, tourism GDP, creation of jobs, support of inter-linked sectors such transportation and hospitality industries, and finally increased foreign reserves. Local demand for domestic tourism, while sharing some of the benefits of external tourism, helps in reducing foreign currency leakages conditioned by domestic tourism being a substitute for outbound tourism. The advantages of local tourism are due to the fact that it is less susceptible to regional and global economic and political disturbances. In addition to its economic impact, local demand for domestic tourism creates awareness of cultural heritage and loyalty to the country, increases ties among citizens within the country, and helps protect the environment through creating awareness. In the economic sense local tourism creates jobs and decreases poverty, limits the effect of seasonality of international tourism, and limits income drain from the country. The problem is in the ability to create, increase and sustain local demand for domestic tourism. More importantly, in the tourism demand literature, it is well acknowledged that income and tourism prices are the leading demand antecedents in tourism demand analyses. For example, most studies focus on income and price variables as demand antecedents for travel. Nevertheless, the literature neglects other possible socio-economic variables although relevant theory is existent such as family size, the availability of family and public transport, knowledge and awareness of local destinations, household debt, sense of national duty, availability of time for leisure, the number of hours worked in paid jobs as well as length of stay [26].

Nurturing our thinking and judging from the above mentioned, yet the question remains on what policy makers and professionals in Greece can actually do to develop and expand domestic tourism though social tourism schemes in order to combat economic crisis as well as tackle down seasonality thus create a sustainable and viable tourism product for Greece.

Methodology

The main aim of the study is to decide whether a specific policy concerning boosting domestic tourism by promoting social tourism schemes would be applicable, suitable and useful for Greece in order not only to combat economic crisis but also tackle down seasonality. In order to reach a decision, tourism as an industry and the Greek tourism product are examined. The impact of the economic crisis is also highlighted.

The information extracted through the analysis is combined with knowledge gained after careful examination of studies focusing on social tourism literature as well as strategies formed mostly from government agencies in order to boost Greece's domestic tourism potential as well as re-inserting social tourism schemes.

After considering the above mentioned information, the study concludes in a proposition over the strategy that needs to be embedded, the possible barriers towards its accomplishment and the areas that should be further clarified before taking action.

Discussion

The most well-known definition of social tourism originated from the Montreal Declaration on Social Tourism (1996), which forms the basis for article three of the ISTO statute, social tourism is: ‘all of the relationships and phenomena resulting from participation in tourism, and in particular from the participation of social strata with modest incomes. This

participation is made possible, or facilitated, by measures of a well defined social nature' [12, 22].

More recently, in 2006, the European Economic and Social Committee declared, in its paper about social tourism in Europe, that social tourism requires three conditions to be met:

(1) elements of social groups are excluded totally or partially from full exercise of the right to tourism;

(2) someone, for example a public or private institution, a company, trade union, or an organized group of people, decides to take action to overcome or reduce the obstacles that prevent a person from exercising his/her right to tourism; and, finally,

(3) that this action is effective and helps a group of people to participate in tourism experiences, respecting the values of sustainability, accessibility, and solidarity [4].

The current global socio-economic situation provides a timely reminder of the importance of tourism to people's sense of quality of life. For example, in many European countries consumers have been reluctant to sacrifice holidays during the current recession, but have modified their behaviour considerably [23]. The ongoing turbulent economic situation places the spotlight on the rights to tourism because the global recession has reinforced global inequalities and exacerbated impoverishment amongst a large group of members of society.

Acknowledging though the great effect a successful regional policy might have in boosting local tourism, regions' and prefectures' authorities do try to form specialized policies for the corresponding areas they serve. It is attempted for these policies to be custom-made and as a result, to rely on the specific and unique characteristics of the region. Among Greece's competitive advantages are its rich cultural legacy, natural beauty and geographic diversity [28]. However, what need to be considered are the not so favorable aspects of Greek tourism. The geography of Greek tourism is one of those. It refers to the dissimilar distribution of tourists' visits. In particular, tourists prefer to visit coastal areas and islands. The fact of their concentration in such geographic regions can be explained through the establishment of Greece over the years as a destination, where visitors can enjoy sun and sea.

Narrowing the selling proposition of the country in that diptych is actually the reason why tourism appears to have intense seasonality. The tourism product selected to be the flagship of Greek tourism can be offered only during the summer. Obviously, that fact generates a series of issues along with little exploitation of the already existing infrastructure and increased cost of use [29]. Greece based its tourism development–mainly on mass-market models and included the popular sun-sea-sand destinations view. However, this model is rather outdated and changes are needed. Hence, Greece started to evaluate its current tourism model, tourist activities and the need of alternative forms of tourism. Out of this evaluation, the following several weaknesses emerged (ELKE: The Hellenic Center for Investment): i) High seasonality and high density in peak seasons, ii) Dominance of mass tourism, iii) Lack of thematic and alternative forms of tourism, iv) Unhealthy public infrastructure. On the contrary, the following strengths existed within the Greek tourism (ELKE: The Hellenic Center for Investment): i) The increase in the number of tourist arrivals; ii) Diverse natural beauty; iii) Cultural and historical heritage; and iv) Vibrant folklore and Greek way of life.

As aforementioned it is Greek destinations which have a heavy reliance on a basic sun, sea and sand tourism approach. Hence, several regions are busy trying to diversify their tourism product. The policy of tourism development was originally based in the specialized and decentralized planning of tourism development with emphasis on the balance between the

economy, society and environment. In this context, structured tourism development projects are being promoted at local level which is designed to the interface function of the different sectors of the economy with tourism. The planned development and switching to a specialized and often qualitative demand are the main causes of the rapid development of special and alternative forms of tourism for the past twenty years.

Nurturing our thinking and judging from the above mentioned, the question remains on what policy makers and professionals in Greece can actually do to develop and expand domestic tourism through social tourism schemes in order to combat economic crisis as well as tackle down seasonality thus create a sustainable and viable tourism product for Greece. One answer could be to listen and make a list of what potential domestic visitors want or expect to live when travelling domestically, in a few words what intrigues them to travel in their country. Another is that Government, industry and other stakeholders come together to set up a pilot economic study scheme. It is suggested that this study should:

- Take place in two geographically separate areas that represent key Greek tourism markets (e.g. the Main Greece and the islands)
- Measure the level of spare tourist accommodation/facilities at different times of the year
- Examine what impact filling this spare capacity will have on the local economy, in particular employment and additional spending levels
- Explore how filling such spare capacity could be achieved.

The long-term ambition of this pilot scheme would be to provide detailed and substantial evidence of the economic benefits of social tourism, as well as a robust, workable and transferable economic model that could be used to promote future social tourism studies/programmes in other regions.

This pilot scheme should take into consideration and examine all the relevant means of funding that exists in the world (e.g. IMSERSO Spain, Calypso EU, ANCV France, Vouchers Holidays Italy, Cooperbom Turismo Brazil, RussiAble Russia, etc) such as :

- State-funded subsidised packages
- State-backed voucher schemes
- Regional government schemes
- Charity (third sector) provision
- Private foundation schemes

Moving along there is no comprehensive understanding of the size and spread of social tourism activities. Therefore it is suggested that an overview or map of the status of social tourism in Greece should be created to fully understand its scale and potential. This could collect key data on:

- The number of organisations that currently have social tourism-related activities
- What these activities entail
- Who these organisations are serving
- Where they are operating
- The size of the funds involved in their activities

A synopsis of visitors' wants that has to be taken into consideration when tourism planning over social tourism schemes and what should tourism professionals do could be the following:

1. Introduction of low rates in hospitality sector and special family packages such as 'children go free' scheme during low season periods
2. Introduction of travel packages through low rates and/or reduction in travelling costs policies between home residence and destination by all means of transport in order to promote and increase domestic demand
3. Introduction of special coupons scheme that grants access or reduction in prices when visiting places of cultural interest
4. Introduction of promotional schemes when booking long haul journeys such as free nights, reduced or free travel expenses, free traditional activities in the relevant destination but also develop city-breaks scheme
5. Introduction of activities according to destination's culture and tradition and not 'what everyone in the world does' activities such as agro-tourism activities, mountain walks on foot, by bicycle and/or on horse, stay overnight in a monastery, 'a look into the ordinary life of locals' scheme
6. Introduction of a 'feeling like home' sentiment during the whole circle of pre-booking, booking and during visiting phases of the journey and not being seeing as 'money'
7. Introduction of 'I want to visit this place' sentiment through social media or advertisements that actually present a real place and not an imaginary one when visited due to photo image processing techniques.

Substantial evidence, particularly from Europe, demonstrate the great economic potential of social tourism. Stakeholders, in particular from the tourism sector, expressed enthusiasm for the gains that could be made. Well implemented social tourism policies can increase employment, increase tourist spending levels and tax revenues, and extend the tourist season in many of Greece's holiday destinations. Therefore both public and private tourism planners should take action to utilise ideas that are being introduced from potential tourists wants in order to create a product that eliminates seasonality and provides a sustainable future for tourism under turbulent economic times. Ending, in the long term it could be of benefit the creation of a mechanism (e.g. a brochure or website) that easily matches the demands of a customer (e.g. families or social services) with the needs of the suppliers (e.g. the tourism industry) at a national level.

Conclusion

The United Nations (1948, Article 24) [14] have declared that “everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay”, with everyone assumed to have the right to leisure for developing every aspect of his/her personality and furthering social integration. Unfortunately, nowadays, there is still a high percentage of people for whom the opportunity to take a holiday away from home is a distant dream. Indeed, tourism for all should be a priority for national governments, social organizations, and tourism operators [17].

Social tourism is one type of tourism that provides tourism experiences to groups who are excluded from tourism due to several constraints. [16] It should be emphasised that the role played by tourism in people’s lives is of prime importance. For workers in the industrialised countries, the current arrangements for annual paid holidays mean that they spend 8-l0% of their lives every year on this kind of leisure activity.

Minnaert et al. highlight that “social tourism research is still in a relatively early stage, and further research is needed before a ‘scientification’ of the concept can take place”[20].

In considering future possibilities, it is important to bear in mind that the revolutionary technologies, which are currently bringing about fundamental changes in the conditions of production of the goods which meet human needs, are automatically leading to continuing increases in the amount of workers' free time. In the not very distant future, the amount of time that a person will have to devote to production will be much less than the amount he will be able, or indeed will have, to devote to non-work. Everyone is aware of the gravity and severity of the psychological and social problems that such a radical transformation of basic values might bring in its train. [2]

Finally, social tourism is not yet sufficiently advanced to realise the promise of ''tourism for all''. At the moment, the mantle of obligation to fulfil the precepts of social tourism is given to governments and this blocks the likelihood that such rights will be truly universally provided, as many developing countries are still unable to meet their citizens' most basic needs let alone fulfil a right to travel. [6]

However, as highlighted by Minnaert et al. "the current economic climate has raised the questions in many parts of the world about the role of state in providing social security and public welfare" [20]. The results of this study, show that social tourism can generate social and economic benefits. Consequently, even in the current economic climate, social tourism programs have not been abolished [16]. On the contrary, an effective public–private cooperation is needed to promote a well-established social tourism system, benefiting both those excluded from tourism benefits and the industry, which also revealed relevant economic benefits as estimated based on an input–output analysis [19].

The interregional disparities in Greece are especially high between the northern and island provinces with the latter facing large socio-economic problems. Tourism in general is a fragile business depending on many internal and external factors, therefore, a regional economy based on tourism only will never be sustainable. International tourism, which is subject to fashion as well as to politics, is especially susceptible to changes [34]. In Greece's main tourism centers, however, not only the demand, but the supply structure of tourism, too, is unsustainable. This applies to the planning process and the income distribution in the tourism areas. The current tourism structure not only reflects the demand, but also reflects the supply of tourism attractions and facilities. Demand will probably not grow unless a new range of opportunities has been developed. Greece's northern provinces will, of course, never replace seaside holidays, but they offer a more diversified tourism product. These regions have an abundance of historical sites and cultural heritage as well as many natural highlights. Domestic tourists, on the other hand, are not dependent on the instructions of a tour guide, since they speak the local language. They move freely in the whole destination area, especially as they often use their own cars or are familiar with the local transport system. They decide themselves where they want to shop and eat and are not interested in commercialised cultural performances, but in regular cultural events. Thus, they contribute to the regional income without demanding a very special infrastructure. This again allows local people to operate part-time in the tourism sector without neglecting their usual business, which reduces overdependence on the seasonal character of tourism [32]. As a response planners and politicians in the other parts of the country strive to promote their tourism sector to enhance the development of these neglected regions. The attractions of these areas are mainly of cultural and natural character and cannot directly compete with the sea resorts, but they can offer some alternatives to holidays at the coast. The historic sites and natural areas, which offer many possibilities for various kinds of sports, might not in every case be of interest for foreign tourists, who choose their destination out of an international range of offers. Previously undiscovered places in the less developed regions of Greece have the potential to become destinations for domestic tourism based upon natural and cultural assets, although most of the sites of interest are not yet developed for commercial tourism.

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Engaging the private sector in the fight against political corruption; The Case of Lebanon.

HARIRI HAYKAL Sarah,

PhD, Assistant Professor, Saint Joseph University, Lebanon, sarah.haykal1@usj.edu.lb

Abstract

Corruption is pervasive in Lebanon and it has increased greatly over the last decade. Governments has failed in combating it since this phenomenon is a mainly a social and cultural problem given the multi-confessional Lebanese society. Why policies has failed to combat corruption? and why the involvement of the private sector is a necessity to eradicate it ?

Thus, a regression in a cross country model is used in the third part of the paper to shed the light on the determinants of corruption and to study it in relation with economic, political, cultural, social and institutional factors. The policy should take into account the nature of corruption to study it in relation with the quality of institutions in the country because a policy that succeeded in a country could fail in another.

The analysis of a survey conducted in Lebanon shows that corruption is so common that its tolerance has become a social norm. In this perspective, since corruption has become mainly a social issue in Lebanon, we discuss the urge to involve private sector and civil society in any policy that aims at uprooting it. This paper aims at more public private partnership to fight corruption and emphasize on the importance the collaboration between the two sectors to implement better governance.

Keywords:

Corruption, Governance, Social norms, Public Private Partnership.

1 - Introduction

The definition of corruption refers to notions of improper, illegal or illegitimate actions. However, these notions are stained by subjectivity because some practices may be improper or corrupt in some countries without being so in others. However, some activities, such as, gifts exchange, induce forms of corruption without violating the legal rules. The problem is to identify, which actions can be regarded as corrupt. Then authorities decide how to subvert it. Coordination between social actors can lead to a norm of tolerance of corruption whose magnitude depends on the socio cultural context of the country, the quality of its institutions and its political structure. This norm calls into question the merits of anti-corruption and justifies why some countries not only tolerate corruption, but consider it to be beneficial for society and subsequently find a way to institutionalize it.
It is commonly known that corruption is rampant and prevalent in Lebanon. It affects the private and public sectors and thus erodes confidence in public institutions. Corruption undermines democracy and distorts markets by causing damages to growth and development. It has negative impacts on society. Moreover, it is a political, economic and social problem that became tolerated by citizens in every day's life.

The case of Lebanon is particular and interesting to analyze due to its sectarian system. Corruption is pervasive in Lebanon in all transactions, in private and public sectors. It is widely believed that all citizens are involved in paying bribes to the administration to get their transactions. For these reasons, the problem of political corruption in Lebanon cannot be solved by state strategies. A good strategy to fight corruption would be to decrease individual dependence towards government institutions and administrations.

Even if the Lebanese government has ratified international conventions against corruption, the level of corruption in the country is increasing. Governments after civil war didn't succeeded to combat it and didn't implement any serious reform that aimed at fighting corruption. In this perspective, public policies are seen as a source of corruption. In 2008, the Lebanese government has ratified the tax Procedure Code that aimed to unify tax procedures and to enhance transparency. But it's commonly known that all politicians don't pay taxes, so corruption in the tax field is widespread and this fraud gave no incentive to citizens to respect legal rules. In addition, governments didn't succeed in detecting and limiting corruption and citizens accuse government of corruption. Corruption is mainly political in Lebanon and for that reason it's difficult to expect a sound policy from government to eradicate it. So, the main objective of this paper istodeterminehow to combat corruption by strategies that involve the private sector in a multi-confessional society. It's worth noting that the recent revolutions that are taking place in the Arab countries call for new policies that involve the citizens in the policies so countries can eradicate corruption and boost growth in the region. Thus, this partnership between the private and the public sectors should forge a real and active coalition in order to strengthen the integrity of citizens in the society that safeguard the interest of all its members.

Since governments have failed in combating corruption in Lebanon, we suggest in this paper new approach that is based on the partnership between the two sectors to eradicate corruption.
Since corruption is a moral and ethical issue in Lebanon, it should be tackled at all levels and should not be tolerated. For this reason, the private sector should play a key role in the policy so it would eventually represent a real partner to the government. Despite the extent of corruption in Lebanon, there are few studies on policies to eradicate corruption that take into account the social and cultural aspect so this study is devoted to suggest a policy that fit perfectly with themulti-confessional Lebanese society. The comparative advantage of our approach is that it integrates social and cultural practices and it shows that all countries have different forms of corruption which all depend on the characteristics of the sociopolitical system in place. For this reason, policies that have succeeded in some developed countries may not succeed in developing countries: it is necessary to understand that the concept of corruption cannot be defined aside from of the characteristics of societies and the nature of the state.

The remainder of this article proceeds as follows: section 2 begins by presenting brief literature review laying out a simple theoretical framework for thinking about the social determinants of tolerance of corruption. The third section of the paper presents the methodology of a cross countries model and examines the main findings of a regression model that concludes that corruption is not only an economic problem but it's also explained by political, social and cultural phenomenon. And the fourth sectionof this article describes another model that refers to a survey conducted in Lebanon that shows that the phenomenon of corruption is tolerated and is mainly a social and cultural issue. The last section of the paper is devoted to explain a sound policy to tackle corruption that is based on the coalition between the public, the private and international organizations to uproot corruption.

2 – Review of literature

The literature on corruption is vast exploring public and private corruption in developing and industrialized countries even if it's more common in poorer economies (Scott J., 1969). Corruption has been defined as Corruption is the abuse of entrusted power for private gain. It can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs. Corruption defined as the misuse of public office for private gain and argued that it has a devastating effect on a country (Svensson 2005). Theoretical literature on corruption has studied corruption either in an economical approach or its social framework. Thus in order to evaluate properly the consequences of corruption and to suggest sound policy to eradicate it, the study should recognize its relationship with socio-cultural factors. The originality of our approach is that it combines economic, social, political, and institutional factors to apprehend corruption in order to establish the adequate policy to uproot it.

Theoretical analysis and empirical evidences that shed the light on the economical causes and costs of corruption abound. The debate on the effect of corruption is particularly fervent. Some authors have

suggested that corruption has an impact on growth and development. Mauro (1995) found that corruption lowers investment thereby lowers economic growth. Therefore, some authors suggested that corruption could also have a positive impact on growth. Corruption could grease the wheels of growth and development. In a neoclassical approach, corruption constitutes a market and responds to market logic. Some authors analyzed the reason for the persistent of corruption in relation with development, and the nature of state (Lemennicier, 2006).

Corruption has been analyzed also in a social framework and these studies have focused on the relationship between corruption and social norms. Corruption depends on its extent and on the nature of social norm in the society. In compliance to the norm and the use of corruption phenomena are conditional and subject to the socio cultural characteristics. Corruption can be described as conditional of the behavior of others and of the reaction and interaction between individuals.

The decision of individuals to engage in corrupt activities is conditioned by cultural psychological and social factors. Some authors analyzed the effect of psychology on economic behavior through the study of obedience to the norm (Akerlof, 1980). His model shows the lingering effect of social norms by integrating the conditional cooperation in human activities and by showing that the sense of guilt prevents individuals from engaging in corrupt activities. Corruption and violation of social norms generate a feeling of guilt and shame among individuals, which influence in return compliance to the rule and the benefits of reduced corruption. If compliance is the social norm, any violation of the norm generates a sense of guilt and shame that drives them to not accept corrupt behavior of others.
Economists have long neglected the problem of social norms. They saw the norms as "existing". The emergence of a norm of corruption introduced great complexity because they require a wider interaction. Indeed, a norm of tolerance has a more extensive content that is not limited to the agreement of agents engaged in a relationship face-to-face. The problem of the emergence of the norm of tolerance does not require an individual acceptance: "I do accept the corrupt behavior of others? The problem is formulated in a broader perspective which involves virtually all participants in social activity: "Is it acceptable that the other is corrupt? The prospect of the emergence of a norm of tolerance does not depend solely on individual choices (accept or not accept) but involves an anticipation on the choices of others (is it acceptable to others or not).

Thus, the payment of the bribe, bribes and the propensity to bribe depends on the frequency of corruption in society. Individuals adjust their level of corruption in relation to the behavior of others. According to Dulleck U., Togler B..and Dong B., (2008), the commitment of individuals in corrupt activities depends on the disutility of guilt, feelings perceived by the behavior of other individuals in society[1]. According to Norms of reciprocity that corruption perception depends on agent’s expectations and to its extent.
Axelrod (1981) develops an evolutionary approach that traces the emergence of a norm, its evolution and stabilization. Considering impunity as a form of defection, it shows that the establishment of norms makes it possible to promote cooperation between members of a society. When the game is repeated, the possibility of cooperation is in the tit-for-tat strategy, a strategy collectively stable and sustainable. Given the shape of the state and its economic performance, and according to the socio-cultural context of each country, individual strategies are changing, opening the way for the revision of existing norms.

3 – Corruption an economic, social, political and cultural phenomenon; A cross country study to assess corruption.

3.1-Methodology and data description

This section refers to an analysis of data from the World Values Survey that studies the relationship between the extent of corruption and its tolerance and underlines the relationship between tolerance of corruption and bad governance. This section shed the light on the importance of social and cultural

[1]Individuals have a lower probability of becoming involved in corrupt activities while on average the level of guilt (the guilt level) of the person is less than that of other individuals in society.

phenomenon to explain corruption and the necessity of involving civil society in an anti-corruption strategies.

In this comparative study, we rely on the experience of 40 countries studied in three groups: 14 countries from MENA region, 15 OECD countries distinguished by a high level of governance and good economic performance and 11 sub-Saharian countries experiencing low institutional performance.

OECD countries	Australia – Canada – Estonia – Germany – Japan – Netherlands – New Zealand – Norway – Poland – Slovenia – Spain – Switzerland – Turkey – United Kingdom – USA
MENA Region	Algeria – Bahrain – Egypt – Iraq – Iran _ Jordan – Kuwait – Lebanon – Libya – Morocco – Qatar – Saudi Arabia – Tunisia – Yemen
Sub-Saharan	Burkina Faso – Ethiopia – Ghana – Mali – Nigeria – Rwanda – South Africa – Tanzania – Uganda – Zambia-Zimbabwe

Table 1 – The sample of countries

Measure of Corruption

This section refers to data on national levels of corruption based on the CPI index issued by Transparency International2014. The index of perceptions of corruption (CPI) is a composite index that classifies countries by degree of perceived corruption in the public sector[2].

What explains the level of corruption?

The economical and institutional variables: Government effectiveness, Government expenditures, Property right respect

We study the performance of the government through:

- Government effectiveness; in this study, we use as a measure of Government Effectiveness indicator of governance calculated by the world governance indicator. Government Effectiveness: capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies[3].

- Government spending; this component calculated by Freedom House shows the level of government expenditures as a percentage of GDP. Government expenditures, including consumption and transfers, account for the entire score.

- Property rights; this component refers to the assessment of the ability of individuals to accumulate private property, secured by clear laws that are enforced by the state. It measures the degree to which a country’s laws protect its private property rights and the degree to which its government enforces those laws. It also refers to the likelihood that private property will be expropriated and analyzes the independence of the judiciary, the existence of corruption within the judiciary, and the ability of individuals and businesses to enforce contracts.

Mena countries have a low level of governance comparatively to the OECD countries.

The social variable: Tolerance of corruption

[2]The score of 10 indicates no requests for bribes. The level 0 therefore means a highly corrupt country.

[3] The index value ranges between 0 and 100, the maximum value 100 means the most efficient service.

In order to measure the tolerance of corruption, we rely on data from the World Values Survey, tolerance, taking the bribe as a proxy for tolerance of corruption. The data measuring the level of tolerance of corruption have been identified from the question "how far the bribe is an accepted or justified[4]? The results of the comparative study are conclusive: the OECD countries are significantly less tolerant than non-OECD countries to corruption. While tolerance of corruption is more accepted that corruption itself is widespread, then one might expect to see that non-OECD countries are more tolerant. When corruption is widespread, corruption becomes "normal" in the sense that a norm of tolerance of corruption emerges and takes place between economic agents. Thus, the average tolerance level rises to 2.2% in OECD countries against 5.7% in MENA countries. And if one compares the level of tolerance of bribe in Lebanon 15.1%, we find that the level of tolerance in Lebanon is among the highest rates in the world.
The table below summarizes the tolerance levels of the bribe in the three categories of countries.

MENA Region	**Tolerance rate**	**OECD countries**	**Tolerance rate of bribe**
Algeria	8.9	Australia	2.6
Bahrain	6.9	Canada	1.7
Egypt	3.3	Estonia	2.1
Iraq	3	Germany	2.8
Iran	5.4	Japan	1.7
Jordan	3	Netherlands	0.21
Kuwait	12.7	New Zealand	2.4
Lebanon	15.1	Norway	2.8
Libya	3.2	Poland	2.2
Morocco	1.5	Slovenia	2.7
Qatar	4.1	Spain	2
Saudi Arabia	7	Switzerland	2.1
Tunisia	2.4	Turkey	0.9
Yemen	3.8	United Kingdom	2.7
		USA	5.4
Average	5.735714286		2.287333333

Table 2 – Tolerance of corruption in MENA region and in OECD countries

The political variable: Political stability

Political Stability and Absence of Violence/Terrorism is a variable calculated by the World Bank through the world governance indicators. This variable measures the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means.

The cultural variable: The literacy rate

This variable is compiled by the World Bank. It measures the percentage of the population, age 15 and above, who can, read and write a short, simple statement on their everyday life.

3.2- Descriptive statistics

According to the comparative study of OECD countries and non-OECD countries, we found that corruption is tolerated in the countries where the state fails, procedures are cumbersome, political situation is not stable and economic performance is low.

[4]The answers are presented in 10 levels ranging from "always justifiable" to "not justifiable" and in order to simplify the processing of data in our comparative study, we grouped the first five levels in a first level giving the percentage "individuals who tolerate the bribe and the five others in a second level to give the percentage of" individuals who cannot tolerate the bribe. "

	Independent variable	Cultural variable	Political variable	Social variable	Economic variables		
	CPI	**Education**	**Political stability**	**Tolerance**	**Government expenditures**	**Property rights**	**Government effectiveness**
MENA	**37**	**83.4**	**-1.04**	**5.7**	**66**	**37.85**	**-0.3**
Sub-Saharan	**35.1**	**62.8**	**-0.64**	**15.5**	**79.5**	**30.45**	**-0.05**
OECD	**73.8**	**98.62**	**0.78**	**2.28**	**44.1**	**80.66**	**1.46**

Table 3 – Variables of a comparative study by region

Individuals in the non OECD countries show a greater tolerance of corruption compared to the OECD countries. This correlation between the level of corruption and the alphabetization rate can be demonstrated through the Pearson correlation coefficient that takes a value of -0.28.This correlation is significant at the 0.01 level. This negative correlation between tolerance of corruption and its extend highlights the relation between the magnitude of corruption and its tolerance:

According to international comparisons, countries that are characterized by a high level of government efficiency are the least tolerant of the bribe and less corrupted. MENA regions are characterized by a law level of the quality of their institutions that affects their institutional performance. The most tolerant countries are characterized by low government efficiency. So there is a strong negative correlation between the rate of tolerance of the bribe and government efficiency, the correlation coefficient of Pearson has a value of 0.325. The comparative study shows that the government inefficiency is a factor that encourages economic agents to take illegal routes and encourages them to tolerate corruption when bribe appears functional. In countries where institutional quality (respect to property rights) meets expectations, agents expect civic behavior from their fellow citizens and corruption is no longer tolerated.

3.3-Model Summary: *The OLS regression*

The following section explores the relationship between the magnitude of corruption and its economic, social, cultural and political determinants. The model used in this section relies on cross country models using OLS regression. The model expresses the relation between the level of corruption and the quality of institution, governance and the nature of governance. The model provides direct visual evidence that corruption is related to social political and economic factors.

Label	***Dependent Variable***	***Reference***
CPI	Level of corruption Corruption Perception Indicator	Transparency International

Label	***Description of the Variable***	***Nature of the variable***	***Reference***
GOV_EXD	Government Expenditures	Economical and institutional variable	Freedom House
PROP_R	Property rights respect	Economical and institutional variable	Freedom House

GOV_Eff	Government effectiveness	Economical and institutional variable	World Governance Indicator
STABILITY	Political stability	Political variable	World Governance Indicator
tol	Tolerance of corruption	Social variable	World Values Survey
EDUC	Literacy rate	Cultural variable	World Bank

Table 4 - Table of variables

A linear regression has been run in order to establish the relationship between the levels of corruption (dependent variable) and government expenditure[5], political stability, the respect of property rights, government efficiency, and tolerance of corruption. Only significant coefficients have been retained at the 10% significance level. Table 2 reports the results obtained by the regression.

Source	SS	df	MS
Model	18369.0859	6	3061.51431
Residual	831.689132	33	25.202701
Total	19200.775	39	492.327564

Number of obs =	4
F(6, 33) =	121.4
Prob > F =	0.000
R-squared =	0.956
Adj R-squared =	0.948
Root MSE =	5.020

CPI	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
STABILITY	4.852259	1.526847	3.18	0.003	1.745866	7.95865
EDUC	-.105076	.058016	-1.81	0.079	-.2231104	.012958
GOV_EXD	-4.12877	2.078793	-1.99	0.055	-8.358106	.100565
PROP_R	.3577455	.0743562	4.81	0.000	.2064668	.509024
GOV_Eff	.2914938	.0863209	3.38	0.002	.1158725	.467115
tol	3.704914	2.265181	1.64	0.111	-.9036309	8.3134
_cons	26.0327	6.043114	4.31	0.000	13.73789	38.3275

Table 5: Results of the regression

3.4- Results and findings

The comparative study has shown the link between the magnitude of corruption and the tolerance of corruption and quality of public institutions. Corruption is explained by social political cultural and economic factors. The failure of public, coupled with low government efficiency and low economic performance seems to be an explanatory factor of tolerance of corruption and to its extend in a country. Thus, in countries where corruption is developed, individuals justify their corrupt behavior by government failure, political instability and bad governance. The independent variables explain the level of corruption and all the variables are significant at 10% level. The F statistics for the regression is significant at the 10% level. The R2 is 0.978[6].

It is interesting to note that a high level of corruption is explained by a higher level of government expenditure. It's worth noting the negative relation between the literacy rate and the level of corruption (-1.05).

Corruption is associated positively with political instability (4.8).A higher level of tolerance of corruption induces a higher level of corruption. When individual agents in their daily interactions produce norms of tolerance, they rely primarily on observing and anticipating the behavior of "others" defining a network of mutual expectations. Thus, in regions characterized by high levels of uncivic behavior, people tolerate a bad behavior from their neighbors because the neighbors also accept these malpractices. Conversely, regions with a high level of coordination of collective action are characterized by optimistic expectations anticipating that a faulty behavior will be severely punished by the other. The compliance is dependent on social practices and expectations. Agents learn by trial and error or by imitation of the behavior of other individuals.

[5] This variable has been recoded. If the variable is higher than 50%, the variable takes the variable 1 and if the variable is les s than 50% the variable take the value 0.

So corruption is an economic, political, social and cultural phenomenon. For that reason, a policy that succeeded in an OECD country can fail in other country due to the socio-cultural characters of every country. In this perspective, the government should involve all citizens in his policy because corruption seems to be mainly a cultural phenomenon.

4– The case of Lebanon

4.1 – The survey

This section refers to a survey conducted in Lebanon that shows that the phenomenon of corruption is so common that its tolerance has become a social norm in the country.
The feeling of impunity in Lebanon has caused the loss of confidence in the government and weakened public institutions. When the public service is inefficient, and the bureaucratic procedures are coasty, corruption seems to be the optimal behavior that facilitates the administrative process through the "speed money". The recent events in Lebanese society showed that corruption is accepted by the Lebanese citizens. Although frequently considered problematic by large international organizations, the Lebanese people tolerate corruption and use it in daily practices.
If public policies are inefficient, and the state is failing, a structure emerges naturally between members of a society to establish a common rule that is likely to maximize social gain. The tolerance of corrupt practices depends on the interaction between individuals within societies and the determination of policies against corruption should take into account socio-cultural characteristics of countries and the extent of corruption.

This section is based on a survey that has been conducted on a sample of 600 Lebanese citizens to collect their attitudes towards tolerance of corruption. The sample reflects the socio-demographic diversity of the Lebanese population taking into account the sectarian divisions in the countries and religious affiliation of the citizens. The survey takes into consideration the geographical divisions of the country. A regression will be developed to identify the facts that explain the tolerance of corruption in developing countries and in Lebanon. Thus, the emergence of norms of tolerance of corruption is the precondition of a system of direct bargaining between the economic agents who, through a bilateral arrangement, will satisfy mutual needs. The objective of the model is to provide explanations on tolerance for corruption of the Lebanese and identify the benefits inherent to the situations of corruption, to identify its determinants.

4.2 - Descriptive statistics

The survey highlights the satisfaction of the interviewee in the judiciary system, the Electricity and Water sectors and in the social security field. The results shows that the Lebanese interviewee are not satisfied with the services provided by the state. This lack of satisfaction justifies the tolerance of corruption which explains its extend in the country. If 67% of the interviewee are not satisfied with the electricity service, that explains the acceptance of the illicit connection on the electricity network.

	Judiciary system	**Electricity**	**Water**	**Social Security**
Not satisfied	27.7%	67.8%	47.1%	35.8%
Rather satisfied	17.0%	18.8%	21.5%	21.0%
Satisfied	39.2%	11.9%	25.4%	30.4%
Very satisfied	16.2%	1.5%	5.9%	12.8%
Total	100.0%	100.0%	100.0%	100.0%

Table 6 –Level of satisfaction of the interviewee by sector

Lebanese don't have confidence in their state. 44% of the interviewee don't have confidence in the state and in public sector. Therefore, they have confidence in the private institutions:

	NGO	Family	State
Lack of confidence	27.0%	9.4%	44.6%
Confidence	73.0%	90.6%	55.4%

Table 7–Confidence in the private and public institutions

The lack of confidence in the public institutions and the lack of satisfaction in the public services lead to a great tolerance of corruption in Lebanon. The Lebanese people tolerate the bribe payment in the administration, the logrolling, the illicit connection on the electricity network, the nonpayment of taxes and corruption in the social security sector.

4.3 – The Regression

This section sheds light on the determinants of tolerance of corruption in Lebanon.
The regression model can explain the tolerance of the citizens to corruption (dependent variable) through several blocks of independent variables: religious, institutional, social, culturaland economic variables.

Dependent variable:
The dependent variable is an indicator[7] of tolerance built from the tolerance of the respondents measuring the level of accepting corruption through:

- Tolerate a bribe in the administration
- Tolerate the illicit connection on the electricity network
- Tolerate not paying taxes
- Tolerate buying and selling votes
- Tolerate cheating in the social security sector

Independent variables:
We seek to test whether these variables explain the tolerance of corruption: the satisfaction of the respondents of the judiciary system, the necessity of paying bribes in the public field, trust in the state, trust in NGO's, trust in political parties, the religious affiliation, and the social class. The table below presents a description of dependent and independent variables used in the regression model.

	Variable	**Description**
Depend variable	Tolerance of corruption	The interviewee find corruption normal
Independent variables		
Druze	Druze	The interviewee is druze
Orthodox	Orthodox	The interviewee is orthodox
High_Inc	High income	The interviewee has an income higher than 1000$
bribe	Necessity of paying a bribe	The interviewee found that's important to pay a bribe in the administration to obtain a service

[7] The tolerance of corruption, TOL, is a dummy variable taking the value 1, if the answer to the question of tolerance is "yes", and the value of zero if the answer was "no" or "don't know. Logit regressions are the most suitable to predict variations in the probability of a qualitative dependent variable shifting from value 0 (not tolerating corruption) to value 1 (tolerate corruption).

SATISF~JU	Satisfaction	The interviewee feels satisfied in the judiciary system
NGO	Confidence in the NGO's	The interviewee has confidence in the NGO's
CONF_PO	Confidence in political parties	The interviewee has confidence in the police
PROF	Profession	The profession of the interviewee
CONF_S~E	Confidence in the state	The interviewee has confidence in the state

Table 8: Summary of variables

To estimate the power of each independent variable to influence the dependent variable, we should calculate the marginal effects linear regression on Stata[8]. Linear Ordinary Least Square regressions are not possible is that case since the dependant variable is binary. The independent explanatory variables are plugged into the logit model to explain the variable Tolerance of corruption. The regression is summarized in the following table:

```
Probit regression, reporting marginal effects           Number of obs =        530
                                                            LR chi2(9)     =   69.24
                                                            Prob > chi2    =  0.0000
Log likelihood =  -280.20945                                Pseudo R2      =  0.1100
```

indext~e	dF/dx	Std. Err.	z	P>|z|	x-bar	[95% C.I.	]
druze*	-.2556172	.0659497	-4.12	0.000	.137736	-.384876	-.126358
orthod~e*	.13692	.0493986	2.35	0.019	.145283	.040101	.233739
High_INC*	.1071184	.0395529	2.61	0.009	.373585	.029596	.184641
bribe*	.1130595	.0399808	2.66	0.008	.303774	.034699	.19142
SATISF~U*	.1130854	.0453423	2.48	0.013	.528302	.024216	.201955
NGO*	.0792761	.0469782	1.73	0.083	.716981	-.012799	.171352
CONF_PO*	.1151958	.0432	2.56	0.011	.371698	.030525	.199866
CONF_S~E*	-.0961636	.0484196	-2.00	0.046	.437736	-.191064	-.001263
PROF	-.01172	.0055118	-2.12	0.034	6.54717	-.022523	-.000917
obs. P	.7188679						
pred. P	.7438511	(at x-bar)					

(*) dF/dx is for discrete change of dummy variable from 0 to 1

Table 9- Result of regression Lebanon

The results of marginal effects from the linear regression are summarized in the table above which summarizes the estimated coefficients of the different variables and their degree of significance. The following variables have statistically significant coefficients and explain the tolerance of corruption: the extent of corruption measured by the utility to pay a bribe to get a service in the public field, satisfaction from public services, the confidence in the private and public sector, the affiliation to religion community and the profession.

• the usefulness of the bribe increased by one, the likelihood of tolerance of corruption is increasing on average by 11.3%.

•If the satisfaction in the judiciary system increases by one, the likelihood of tolerance of corruption on average by 11.3%.

• Being "orthodox" increases the likelihood of tolerance of corruption by 13.6% compared to the excluded categories.

• Being "Druze" reduced by an average 25.5% the likelihood of tolerance of corruption in relation to the excluded categories.

[8]Since the dependent variable is quantitative metric, it would be appropriate to use mfx functions (marginal effect after regression) to estimate the influence of each variable on the dependent variable.

• Having confidence in the political parties' increases in average by 15.5% the likelihood of tolerance of corruption.
• Having confidence in the state decreases in average by 9.6% the likelihood of tolerance of corruption.
The profession has an impact on the tolerance of corruption. The usefulness of the bribe has also an impact on the tolerance of corruption.

It's important to include religious affiliation to the model to explain that the determinant and the origins of corruption are largely cultural and social.
Corruption tends to flourish in Lebanon due to the failure of public policies. Corruption is explained by the poor quality of government and institutions, the parliament, the judiciary and the press being seriously affected by corruption. Corruption comes as a response to state failure and the pervasiveness of corrupt politicians in power. In general, Lebanese citizens tend to accept corrupt practices and consider "normal" such practices, even if they are morally reprehensible in other societies. The use of such practices is now tolerated as "norm" by the Lebanese society.
Lebanon is characterized by a unique structure: a political structure marked by the virtual absence of state and the dominance of political parties based on religious, social structure and religious inconsistencies, fragmentation of the community, social inequality and poor governance. These characteristics justify corruption and show that the Lebanese people can encourage and institutionalize corruption. In a context of fragmentation of the state and competitive communities, tolerance of corruption is a response to the nature of a failed state and a prisoner of the special interests of community leaders. In this context, we suggest in this paper new policies that involve the civil society private sector.

5 – Recommendations and concluding remarks: coalition and commitment between the private and the public sectors to combat corruption

This paper suggests through the study of corruption in Lebanon to review the traditional policies of fight against corruption that call on public policy to fight corruption. This paper seeks an alternative to state intervention. Corruption in Lebanon is not a taboo; it is an economic, social, political and moral phenomenon. Corruption is spreading more rapidly in society and corruption in the Lebanese has become a mere banality of every day's life. Given the nature of the state of multi-confessional Lebanese society, and given the practical difficulties associated with state programs and exorbitant costs, we consider the political and economic competition between different community groups is likely to reduce the negative effects of corruption by giving satisfaction to individuals in pursuit of their interests. The problem of political corruption in Lebanon cannot be solved by state strategies.

Since corruption is a social and cultural problem, civil society should be an effective allies of the government and both parties should collaborate in order to fight corruption. The two parties with the cooperation of international organizations should forge an active coalition to succeed in tackling corruption. Every party has a key role to play in this coalition.

Combating corruption should be a high priority to the government. The policy that aims at fighting corruption requires a commitment from the government to enhance accountability and transparency and to enforce law and the legal system. The government should put forward a sound anti-corruption legislation in order to tackle nepotism and favoritism in the public sector. It's important for the Lebanese government to implement a reform of the judiciary system.

Corruption could not be uprooted if citizens tolerate unethical practices and dishonest behave. Civil society must adopt and follow an effective code of business ethics that's why it should play a key role in the policy by monitoring the government and by reversing the norm of corruption and combating the tolerance of unethical practices. This section emphasizes the key role of the civil society to contribute to the success of the policy by denouncing corruption and by suggesting new alternatives for fighting it in order to enhance government's accountability and by reversing social norm of corruption through combating the tolerance of corruption.

Since corruption is a social and cultural problem in Lebanon, civil society and NGO's have to work on raising public awareness regarding the indirect cost of corruption because corruption affects even the members that are not involved in corruption. Citizens are not aware about the severity of the indirect cost of corruption. In this perspective, statistics and studies on the extent of corruption should be published regularly. Engaging private sector is the key sector in promoting corporate governance is the key to success of any policy that aims at fighting corruption. In this context, private sector should become a real effective partner in the policy. It's an urge to develop an incentive system that can promote and reward honest behavior and sanction unethical behavior. Civil society should denounce any unethical action or corrupted institution, it should criticize politician and expose any corrupted case. The determination of appropriate policies against corruption should take into account the sociocultural context of each society and the extent of corruption in the country. A society composed of individuals not honest creates a situation of "trap of corruption." Policies must take into account the evolutionary process of social interaction between honest and dishonest in society. The sanctions limit the corrupt behavior among individuals, but these sanctions against the violation of rules are largely more efficient if we combine social and public norms. Governments should implement new policies and the citizens should inverse the social norms of corruption.

The Lebanese government should place a key importance on the cooperation with the international organizations that could collaborate with the private and the public sector. In light of this brief study, a successful campaign against corruption requires the cooperation and the full collaboration between the governments, the private sector and should be monitored by international organization. All communities should be engaged in a national integrity system to improve standard of transparency and raise public awareness.

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Appendix : The cross country study (section III)

country	CPI	Government effectiveness	GDP per capita	Doing business	Political stability	Tolerance of corruption
Algeria	36	-0.5	5361	630	-1.2	8.9
Bahrein	49	0.6	25198	635	-0.9	6.9
Egypt	37	-0.8	3436	1010	-1.6	3.3
Iran	27	-0.4	5292	505	-0.9	5.4
Iraq	16	-1.1	6432	520	-2.5	3
Jordan	49	0.1	5422	689	-0.6	3
Kuwait	44	-0.1	52197	566	0.1	12.7
Lebanon	27	-0.4	10139	721	-1.7	15.1
Libya	18	-1.6	6575	690	-2.3	3.2
Morocco	39	-0.1	3140	510	-0.4	1.5
Qatar	69	1	93397	570	1	4.1
Saudi Arabia	49	0.2	25409	575	-0.2	7
Tunisia	40	-0.1	4317	565	-0.9	2.4
Yemen	19	-1.4	1473	645	-2.5	3.8
Germany	79	1.7	47627	429	0.9	2.8
USA	74	1.5	54629	370	0.6	5.4
Japan	76	1.8	36194	360	1	1.7
Canada	81	1.8	50271	570	1.2	1.7
Spain	60	1.2	30262	510	0.3	2
Switzerland	86	2.1	84733	390	1.2	2.1
Norway	86	1.8	97369	280	1.1	2.8
Australia	80	1.6	61887	395	1.1	2.6
New Zealand	91	1.9	42409	216	1.5	2.4
Estonia	69	1	19719	425	0.8	2.1
Netherlands	83	1.8	51590	514	1	0.21
Poland	61	0.8	14422	685	0.9	2.2
Slovenia	58	1	23962	1160	0.8	2.7
Turkey	45	0.4	10542	580	-1.1	0.9
United Kingdom	78	1.6	45603	437	0.4	2.7
Rwanda	49	0	1474	230	-0.1	6.6
South Africa	44	0.3	12867	600	-0.1	41.5
Zimbabwe	21	-1.2	1832	410	-0.6	15.7
Zambia	38	-0.5	3926	611	0.2	29.7
Mali	32	-1.1	1642	620	-1.7	20.2
Burkina Faso	38	-0.6	1685	446	-0.8	20.4
Ghana	48	-0.27	3992	710	-0.13	6.6
Ethiopia	33	-0.47	1380	530	-0.24	3.6

Tanzania	31	-0.64	2443	515	-0.54	2.9
Nigeria	27	-1.08	5602	509	-2.11	9.1
Uganda	26	-0.4	1674	490	-0.93	14.5

	Education Alphabetization rate	**Rule of law**	**Government effectiveness**	**Property right**	**Government expenditures**	**Economic freedom**
country						
Algeria	86	-0.7	33.7	30	38.7	66.6
Bahrein	91.4	0.4	72.6	60	73.1	72.5
Egypt	66.4	-0.6	20.2	20	68	65.4
Iran	91	-1.03	38	10	93	57
Iraq	78.1	-1.4	13.9	55	85.8	74.7
Jordan	91.1	0.5	59.6	60	70.7	59.1
Kuwait	94.5	0	47.6	45	61.1	58.6
Lebanon	89.6	-0.8	40.9	20	70.6	54.7
Libya	88.9	-1.5	2.9	10	37.5	46.8
Morocco	70.1	-0.1	48.1	40	61	68.8
Qatar	94.7	1	78.4	70	71.9	70.5
Saudi Arabia	86.1	0.3	62	40	61.9	65.8
Tunisia	77.7	-0.12	48	40	70.8	81.2
Yemen	62.4	-1.17	7.2	30	59.9	54
Germany	99	1.9	94.7	90	10.1	88.2
USA	99	1.6	89.9	80	51.8	88.8
Japan	99	1.6	97.1	80	47.1	84.1
Canada	99	1.9	95.2	90	48.3	89
Spain	97.9	0.9	84.6	70	39.8	77.5
Switzerland	99	2	99.5	90	65.1	78.1
Norway	99	2	96.6	90	43.8	92.1
Australia	99	1.9	91.8	90	61.8	94.1
New Zealand	99	2	98.6	95	43	95.5
Estonia	99.8	1.4	81.3	90	53.2	82.1
Netherlands	99	2	97.6	90	23.8	84.3
Poland	99.5	0.8	74.5	60	47.1	67.3
Slovenia	99.7	1	79.3	60	0	81.2
Turkey	95.7	0	67.3	45	97.6	61
United Kingdom	95.7	1.9	92.8	90	30.3	91.1
Rwanda	70.7	0.1	56.3	30	79.2	59.5
South Africa	88	0.2	65.4	50	68.2	73
Zimbabwe	91.9	-1.4	12	10	74.2	37.1
Zambia	70.9	-0.3	36.1	30	78	68.2
Mali	26.2	-0.7	14.4	25	89.2	47.2
Burkina Faso	28.7	-0.5	30.8	25	79.8	49.6
Ghana	66.6	0.02	44.2	50	70.8	62.5

Ethiopia	35.9	-0.042	35.6	30	91.4	55.9
Tanzania	72.9	-0.41	26.9	30	79.3	45
Nigeria	66	-1.08	11.5	30	76.1	48.3
Uganda	73.3	-0.39	38.5	25	89	43.3

Issues and guidelines for the development of network structures in the milk sector in Bulgaria

Ralitsa Terziyska
PhD student, Natural Resources Economy Department, Faculty of Business, University of National and World Economy, Sofia, Bulgaria
ralica_rvt@abv.bg

Abstract

Interaction, collaboration, co-operation and integration within the agricultural sector are among the factors influencing the market structure and competitiveness of agriculture. One of the main reasons of the farmer for his participation in the network is to increase the efficiency of production, based on an effort to minimize production and transaction costs.

Key words: network structure, collaboration, producer organization

JEL: Q13.

1. Introduction

In a globalized economy, the Bulgarian producer faces simultaneously as serious challenges and competitive pressures on European and world markets, and to the chance to take advantage of new opportunities for their products and services. In this sense, Bulgarian entrepreneurs should focus on the implementation of profitable business strategies that make them competitive in the single European business space. Competitiveness in many more already dependent on the ability of firms to cooperation with potential partners from related industries, the complexity of corporate services, the efficiency of public administration and political solutions that help create a favorable business environment for economic development.

The aim of the study is to present the characteristics of the sector and the need to create network structures and to clarify the benefits of participation in networks of farmer and rural areas.

The agricultural business includes a wide range of activities in the production and marketing of agricultural products. Depending on the purpose, these activities can be grouped as follows:

- proceedings, ensure the normal operation of the agricultural production process by providing him with equipment, fuel-lubricating material, fertilizers,
- activities carry on the agricultural production process;
- activities related to the storage, processing and marketing of agricultural products fresh and processed.

In the process of development of the agricultural sector, the importance of the areas which offer the supply of the business unit with the necessary raw materials (at the entrance), the realization of production, objective is increasing. By applying various forms of coordination, association, integration, cooperation and other increased the number and importance of businesses closed cycle of production of the agricultural product in its processing to its ultimate realization.

2. Nature and basic types of networks

The main features and characteristics of agribusiness most often associated with the variety of activities and a long chain of entities between actual agricultural production and the end user (traders, processors, wholesalers and retailers). Together with the functioning of various sizes entities, the prevalence of a large number of small commodity producers and family nature of a significant portion of them are among the prerequisites for the development of specific agricultural policy for the public sector support.

Examined characteristics of agribusiness with the variety of combinations of natural and climatic factors, the large number of possible product combinations, and other markets are responsible for the operation of a wide variety of organizational units to farmers. They are created for different purposes, terms of existence, number of participants, operating mechanisms and management.

Among the most common are cooperatives contractual associations, producer organizations, clusters and others. They all create networks involving farmers to ensure sustainability of their farms.

The term network is termed relations of cooperation that arise between individual farmers or companies / organizations in the process of seeking compensation for the lack of resources and weak market position for sustainable development and provide a competitive advantage in the market, resulting in a synergistic effect. Network structure provides opportunities for the participation of organizations from all parts of the production chains in agribusiness. Thereby improving the implementation of processes and services from producer to end user and optimize the income of the participants in the network.

Network organizations differ mostly by the number of joint activities carried out and the type of existing connections. In some cases, network carried out a minimum number of activities (only transport and trade), and in others a number of interrelated and interdependent - picking, sorting, handling, cooling, transporting, processing, etc. In this relationship between the participants in the network can be relatively rare and uniform and continuous, dynamic and diverse. At the same time greatest importance and the degree of independence of each participant and mechanisms for deciding on the network.

Cooperation among network partners through the exchange of information, knowledge, profits and the risks and benefits offering opportunities for new contacts and markets, and expanding access to new or complementary skills and technologies (Lazzarini et al., 2001). Thus, SMEs are more innovative when they are able to join the network and participate in various activities. Successful cooperation is based on sharing information with all partners in the network, cooperative behavior among members of the network, and clear communication with well-defined goals and expectations. But also the sharing of risks and benefits in the network are the reasons for the successful cooperation, as it improves teamwork and focus on the common goals of all members of the network.

We can distinguish two different forms of networks. Horizontal networks involve cooperation of companies that are primarily competitors in the same sector. They cover initiatives such as strategic alliances or joint ventures to take advantage of opportunities for exchange of information, social services, based on informal connections (O'Donnell et al., 2001). To horizontal networks can be referred:

- Producer organizations
- Cooperatives
- Contract farming

While vertical involve all stakeholders in the process of movement of agricultural products from producer to consumer. Vertical networks are formed with the participation of research organizations, government institutions and providers of financial services to all connected with a chain network. As a result, the network is rightly considered by some authors (Gellynck, Vermeire, Viaene 2006) as a place where internal and external resources of a company are combined and transformed into innovations. An example of such a network is a cluster.

3. Producer organizations

One option to overcome many of the problems farmers is the creation of producer organizations. Purpose of these structures is to stabilize production and improve the market position of producers. Pooling allows farmers to realize the benefits of unified production and supply.

According to some authors (Zaimova, 2008) farmers' organizations are producer groups, formed a territorial or product sign the initiative and voluntary choice of the producers themselves, who have a specific long-term goals and, regardless of the legal form their members work collectively their achievement. Other authors (Bijman and Wollni, 2008) offer the following definition: Producer organizations are formal organizations, membership is voluntary, created for the economic benefit of the farmers (members), providing services to producers who support their agricultural activities, provide technical assistance opportunities for processing and marketing services.

The inclusion of a producer organization and economic entities with in the manufacture and marketing of agricultural products is a prerequisite to use a number of advantages of vertical economic integration chain "land - finished product".

Objectives should set a producer organization are mostly related to supporting the concentration of production and ensure its marketing. Furthermore, the producer organization must

ensure its members that their production is planned and adjusted in accordance with market demand especially in terms of quality and quantity.

Technological development and environmental behavior of producers have other priorities of producer organizations. They encourage the implementation of new practices and production technologies as well as reasonable, environmentally sound waste management (eg grapes and wine) to protect the soil, water, landscape and biodiversity conservation. Thus the individual farmer is able to overcome problems relating to compliance with marketing standards for quality control and compliance, caused by small partidnost production and different quality through producers looking effects at sectoral and regional level. While sector they are mainly related to the adaptation of production to market demand, creating and balanced distribution of added value, competitiveness, etc., The regional, according to some authors (Zaimova, 2010) The advantages are achieved through improved grouping of supply; concentration of supply and improve the quality of production; guaranteeing producers' incomes; employment growth in the sector, investments in environmental protection and others.

Turn producer organizations have the right to unite in associations which are responsible for implementing common to all operational program and fund.

Effects of the establishment and functioning of producer organizations are: to adapt production to market demand, improved grouping of supply concentration of supply, guarantee producers' incomes, investment in environmental protection and others. They can be grouped in several directions: economic, regional, administrative, social and environmental.

Organizations of the agricultural producers can use the Structural and Cohesion Funds of EU for the implementation of their activities.

Producer organizations have the right to join in associations that are responsible for implementing common to all operational program and fund.

Priority activities of producer organizations should be to improve the production and marketing. This is especially important for small producers, which are difficult to manage production and market risk in the sector.

4. Case study: Association "Farm milk" Ltd

The association was founded in 2012 by 8 producers of cow's milk whose farms are located in the municipality Rakovski. Legal status is a limited liability company and managed by Manager and founding members have an equal number of shares.

The producer organization was established with a view to implementing wide range of activities. In partnership contract are written as follows:

- collection of produced by the company and its partners production and realization and sale on the market;
- animal husbandry, buying milk production of dairy products;
- production, processing and marketing of agricultural products on rented or own farmland;
- trade, import, export; brokerage, brokerage, performing manufacturing, transportation and other services to individuals and legal persons; repair of agricultural machinery;
- adaptation of agricultural production to market requirements, centralization of sales and supply to bulk buyers;
- increase the added value of production and its market price;
- establishing common rules at which that company collects and maintains information produced and available products, including the way production yields and quality products used varieties, breeds animals, existing sanitary and hygiene requirements;
- production, processing and marketing of agricultural products from plant and animal origin;
- foreign economic activities, as well as all other activities authorized by law that material and volume require their works to be conducted in a commercial way.

The total arable land of participants is 555 ha, and the number of cows is 552. The main reasons for initiating the cooperation are several. First, the small market share of the individual

producer, followed by the low competitiveness of agricultural holdings, financial difficulties, insufficient market information and the ability to create added value.

The network structure is characterized by a high frequency of relations, as according to the Manager, the participants in the company establish contacts with each other several times a week, during the preparation of project proposals for funding various programs - daily ("often repeatedly"). This logically creates opportunities for development and promotion of relations.

The inclusion in the network is by application and payment of introductory share installment, as the network comes after the unanimous agreement of partners.

In the farms of the partners (estimated by the Manager) is apply a "best practices" in the technology sector, linking science with practice and accelerated deployment of innovations in the sector. Evidence his claim are the contributions of farmers and manager of the company in various seminars and trainings on the issues of selection, nutrition, etc., and their joint coordinated activities to improve the breed of their flocks.

Despite a short period of operation of the organization's assessment, the establishment of the network, according to its members is motivated by certain state policy and regulations. The level of trust among members has risen in result of joint work and observed stability in their relations.

The manager of the company defines strategic priority organization - the increase in annual profit to members. Also, the network structure has managed to develop and improve profitability the holdings of its members in recent years.

The priorities of the network structure are technologically update, development of new markets, product advertising and modernization. The main advantages that are created in the process of functioning of the organization manufacturers are raising the income of participants in the network and competitiveness, representation before state and municipal authorities management, reducing production and transaction costs and business risk.

The manager of the organization assessed as a deficiency increase of costs associated with compliance with the general network requirements and standards, and increase of the costs for monitoring and management, but most of them have led to increased confidence of processors of milk to its proposed of organization quality milk.

Compared to the area in which network function contributes to increase of revenues in the municipal budget from local taxes, fees, etc., creating new jobs and specialization of the region in particular proceeding.

The few similar organizations (only two in the milk sector in Bulgaria) is reason for the lack of administrative experience to work with producer organizations and implementation of projects under the RDP measures which greatly hampers their activities. Other common problems are overcome mistrust between members of the network associated with compliance with contract discipline problems with coordinating the actions of individual farmers farms belonging to the network, financial difficulties, organizational and administrative and not least lack of qualified specialists and managerial staff.

The network performs the following functions: information, logistics, educational and multiplier. At present, the network structure has no build general warehouses, production facilities or shopping areas.

The age structure of the participants in the association shows that six of them are over 50 years and two are between 30-50 years.

5. Conclusion

The network structure provides a challenge for co-development, which consists in sharing experience, innovation, control the intensity of competition or to gain access to resources that are not inside property. The results of the development of these structures, implementation of production of new, including and external markets, stabilizing the price on the basis of long-term contracts increased demand for manufactured and joint offered quality products, increasing the relative efficiency of farmers are some of the results and benefits of the network organization.

Producer organizations are a way to gain advantage and control as well as long-term agreements. This process is linked to the development of the product chain in agriculture. Vertically integrated businesses can survive in low return at some stage of the product chain, as long as they obtain the necessary funds for the realization of the production of the next stages. The creation of farmer

organizations suggests improving their economic status, long-term market position, efficient organization of production, marketing and product realization.

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Marketing communication at the Kazantzakis Museum - the stakes of tourism and funding

M. Kapetanaki, G.P. Heliades

Technological Institute of Ionian Islands / Department of Digital Media and Communication
Email: g.heliades@gmail.com

Abstract

This paper investigates issues of cultural exploitation of the Kazantzakis Museum at Heraklion, Crete, a museum that is built to keep the legendary writer alive in the new generations. Its target is to attract more visitors and the recreation of its image so as to raise its acceptability In the past year, we performed a two-fold analysis of the marketing communication of the museum in order to come up with a communication plan that boosts its image and finances. Initially, we visited the museum and outlined its existing communication strategy, its cultural management and the media promotion it uses to boost its exhibition capabilities. Then on, we evaluate a recent sponsorship that the museum accepted, which was initiated by a prominent Greek tycoon and kept the museum alive for the next ten years. It becomes clear that the basic need is to design and develop specific strategies in order to create a strong cultural character, focusing on the island's traditional identity. In the case of the Kazantzakis Museum, we proposed the combination of 'strategic focus' with the 'diversification strategy' under the uniqueness and specificity of the museum, as thematic and dedicated to writer. In this context, we propose a target interest of young people 18 to 25 to increase traffic to the museum. As a result, we produced a promotion clip for the museum, incorporating its touristic dynamic perspective and concept. Initial evaluation confirm a high value and a basis for further enhancements as well as a possible way forward for the museum.

KEYWORDS

Kazantzakis Museum, marketing communication, funding evaluation, media analysis.

1. INTRODUCTION

1.1 Nikos Kazantzakis

One of the most important Greek writers, poets and philosophers of the 20th century, was born in Heraklion, Crete in 1883. In 1906 he graduated from the Athens Law School and continued his studies in Paris (1907-1909). During the Balkan Wars he fought as a volunteer in the Greek Army. After the Wars he travelled to many European and Asian countries, publishing travelogues from his trips (Spain, Egypt-Sina, China-Japan, What I saw in Russia, England etc.). Kazantzakis, much more of a philosopher than a writer, was deeply influenced by the writings of ***Nietzsche*** and ***Bergson***, and the philosophies of ***Christianity***, ***Marxism*** and ***Buddhism***. In his work, he attempted to synthesize these different world views. In 1927 he published the book "Askitiki", the main work of his philosophy. In 1938, after constantly revising it for 13 years (1925-1938), he publishes his epic poet *Odyssey: A modern sequel*, continuing Ulysses's story form the point where Homer leaves off. This huge poetical work comprises of 33.333 verses. He became famous, however, during the last years of his life, when he turn to pezography. During that time he published, among others, *Zorba the Greek*, *The Last Temptation of Christ*, *Freedom and Death*, *The Greek Passion*, *Christ is Recrucified*, and his autobiography *Report to Greco.* Universally recognised as a giant of modern Greek literature, Kazantzakis was nominated for the Nobel Prize in Literature in nine different years. His fame was further spread in the English speaking world by cinematic adaptations of *Zorba the Greek* (1964) and *The Last Temptation of Christ* (1988). In 28th of June 1956, in Vienna, he was awarded the International Peace Award. He died in 1957 in Germany and is buried on one of the bastions of the Venetian fort surrounding Iraklion, Martinengo.



Picture 1: Nikos Kazantzakis

1.2 The museum

The Nikos Kazantzakis Museum pays tribute to the great man and the Kazantzakis spirit. The museum, which consists of a set of buildings located in the central square of the historic village of Varvari, currently named Myrtle. The museum exhibition occupies space, which stood at the ancestral home of Anemogiannis family - George Anemogiannis was a set designer and costume, one of the pioneers of the theater in Greece. The main objective of the Kazantzakis Museum was to preserve the memory of the writer and to display his work and thought. Significant assistance was offered by Eleni Samiou, the author's second wife. In the museum there are manuscripts and the author's notes, mailing samples with great thinkers, politicians and authors of his time, first editions of his works in Greek and other languages, rare photographs, memos of his travels, personal items, models, costumes and material from theatrical performances of works here and abroad, portraits and sculptures as well as dozens of foreign-language versions of his projects. They are all considered as treasures, which bring the memory and display the work and personality of Nikos Kazantzakis. The museum has literally become a world spiritual pilgrimage. Daily visitors arriving from all corners of the earth by showing how timeless and timely is why the great Cretan, universal author and thinker. The Nikos Kazantzakis Museum was founded in 1983 by George Anemogiannis. Benchmarks for the design and creation of Nikos Kazantzakis Museum, according to the Anemogiannis were respectively Europe museums Goethe, the B. Hugo, Voltaire, the Andersen museums which offer a complete picture of the author. The opening ceremony of the museum took place on June 27, 1983 by Melina Mercouri. Over the year 2009, the Museum was renovated fundamentally, presenting a new report proposing its collections. The total effort bears the stamp of architects George Psomadakis and Maria Marino, who belongs to the design of the new permanent exhibition, the writer Dimitris Kalokyri, who took over the artistic direction and the litas Chatzopoulou, who wrote and edited texts. The project is financed 80% by the European Regional Development Fund and 20% from national resources. The permanent exhibition of Nikos Kazantzakis Museum is exclusively dedicated to the life and work of the writer. In 2009, the space was completely renovated. The work included the remodeling of the building and the re-exhibition of collections with new script structure and in accordance with modern scientific guidance and museological methods. The new museum experience was accompanied by interactive audiovisual exhibits and wireless audio tour. The new permanent exhibition the visitor will see manuscripts, letters, documents, Greek and foreign publications, photographs and personal belongings, theatrical material, rare audiovisual material, and a variety of art works by the author displays. The natural material, with digital reproductions, developed in five theme-galleries: Biography, poem Odyssey, friends and influences, and the early plays, novels and travel projects. It also includes a projection room where visitors can watch a twenty-minute audio-visual presentation of the life and work of Kazantzakis, in seven languages. In the reading room, visitors can leaf through a book or just relax under the "oleophillic" the glass ceiling. Visitors can also buy Greek and foreign editions of his works, films and a selection of souvenirs for all ages.



1.3 Issues of cultural management

Seeking a theoretical basis for our study, we examine the following forms of corporate communication (Stamatis, 2008):

- mouth to mouth image building (Communicate face to face spreading rumor and information).
- mass communication: Advertising-PR-Sponsorship-Publicity.
- hotline direct mail, e-communication, e-forms.

We also consider Hooper Greenhill's (1994) three communication levels, Society (messages that manufacture guests, editors, administrative authorities), Organization (use of space, selection of reports, design exhibits, use of language) and Object (related stories, educational activities, classification groups). In terms of promoting the changes in sales and market share, the relevant objectives are derived from the analysis of the situation and include four elements:

- Define your audience - target.
- How to change the attitude and behavior of the public.
- The rate at which changes are made.
- The degree of the intended change.
- Design of the message

Preparing a successful message is difficult (simple change in the wording of an advertisement can secure significant sales increase). The message should include: Information (for the brand, sponsor, etc.) and persuasion (attempt to convince for a change). Additionally, the museum communication gradients from outside to inside: Urban frame Building (banners, banners) Structure (entrance, reception, general orientation, permanent exhibition, temporary exhibitions) Collections (plans, arranging collections) premises Character Museological presentation, exhibition research systems Exhibits (showcases, hands on) Objectives Physical orientation Information Office Spaces orientation direction signs and shots Intellectual orientation Quick Guide Recorded tours in different languages Brochures Guide for children. Programs for activities and events, calendars and reports. Means of Museum Communication include:

- Permanent exhibitions
- Temporary exhibitions
- Lending collections

- Exhibitions outside the museum (traveling, mobile
- Training
- Reports and Publications
- Printed materials for teachers and students
- Electronic Publishing
- Internet
- Multimedia / 3D-Animation
-

Museum-activities in the museum and outdoors (guided tours, educational programs, lectures, educational activities, workshops, etc.). Also educational activities and even the Public Relations in the Modern Museum is necessary.
The modern museum tackles also the challenges of the time, as part of the development and regeneration of incorporating new forms of exhibits and performances. Created new museums based on modern themes, promoting new identities and consolidating new insights and new knowledge. To enforce the new museum entities must reach their audience, which is essential for the viability of the new organization and the transformation of the traditional. In this context, it is extremely important that the following targets for the museums: the public acceptance of the mission of the museum, new ideas, identities and approaches. The Strategy in a cultural institution: an integrated decision-making system, clarify its purpose, select the areas of activity, utilizing the capabilities of tactical maneuver and adopt the risks potentially arise. In the field of museum communication, surveys of the public museums are highly developed, but also related to a public who visits museums. This socio-museology has come to interesting conclusions, which has assimilated the communicative function of museums to achieve their aims. Leading researchers such as Pierre Bourdieu in France in the 1970s and Nick Merriman (1999) in Britain the mid-1990, showed the interconnection of traffic museum with educational and social level, reducing the museum at the crossroads of social and symbolic prestige indication. According to Bourdieu (2003), cultural capital is not directly associated with the school principal and the school performance, in view that the acquisition of cultural capital does not depend solely on the school record, but the family influence and extracurricular activity. This is a matter of general culture. But the main thing is that Bourdieu relates the social class and gender with traffic museum, the aesthetic pleasure, finding that the removal of the standard of 20astou means and removal from the museum. In the same survey of Bourdieu suggests that the museum remains low in the preferences of the public, because it does not offer the same potential for absorption of the object, such as theatrical performance, the film, but also because it does not give social integration- and promiscuity and because end presupposes the academic knowledge to decipher the visitor the sense of the exhibit. Conversely, the same people see the acquisition of a museum exhibit a change in their social level, attesting to their culture, their cultural capital, without further justification, and therefore less academic knowledge in order to talk to the owner about his subject. The main target groups for public relations as exponents of Corporate Communications. The society as a whole, specific social groups, the market, investors, international audience. Also the media by local government and local communities and decision makers. Marketing provides the theoretical and practical tools for the joint analysis of museums (Chhabra, 2009). The level of satisfaction of tourists and the quality of service to visitors, must be set properly in order to preserve the development of museums and Greek tourist destinations. Identified the issue of marketing necessity to museums, to increase the level of visitor satisfaction and enhance the development of tourist destinations. The review of the literature that has been given special emphasis in the study, both at micro and at macro level marketing cultural tourism. Finally, programming promotion done with the objectives of the program size of motivation, choice of instruments features promotion and ways of media distribution-presentation start-duration time is also budget-allocation tools, action plan, expected results-monitoring software and correlated with market research.

2. CURRENT MARKETING AND COMMUNICATION PRACTICES OF THE MUSEUM

The museum employs modern marketing strategies to satisfy its guests and ensure its sustainability, through increasing, future visits and programs implemented. Since the relationship between the

museum and tourism has been described as parallel, the concept of sustainable development could be considered as tangent, where the main objectives of the two sectors combined. The global economic crisis also affects the area of culture and strongly raises the question of finding for the sustainability of ways, through dialogue and cooperation. So museums not owned by the need donations to survive. The museum maximizes visitor satisfaction with the service offering according to their expectations. Staying satisfied with the previous visit to the site, they are willing to visit again in the future and spread positive comments about their visit. Since many tourists find museums, archaeological sites and general cultural heritage as an important reason to visit the Greek tourist destinations, the existence of satisfied visitors, will enhance the development of the Greek tourist destinations, like in Kazantzakis Museum in recent years. In fact, it enhances Cretan identity after many Cretans visited the museum in the past few years. In addition, many artists still deal with this universal man offering creations inspired by his work or portraits of the foundation. In closing I think the museum is a living cell of society, it works and gets the pulse of contemporary reality and transforms it into interactive processes in the picturesque village of Myrtle daily small miracles happen through all actions undertaken. Also you feel everywhere Kazantzakis breeze to follow and to seduce with his work.

3. TOWARDS AN INTEGRATED COMMUNICATION APPROACH

3.1 The ambiguous sponsorship

At this point we had to evaluate the recent financing of the museum by a Greek tycoon, treated as a media event for the next decade. Specifically, we noticed the presence of specific conditions and counted the number of concentration. That held data collection through articles in local and national level in electronic forms and web sites in ten different articles. Then became encoding hardware in tables contained the word depending on the frequency of occurrences of terms. Practically, we created a dichotomy of views on this gift of the owner at the museum. That is a war "Good and evil" for the proper selection of the sponsorship.

#Negative
"If the only way you can save the" Kazantzakis' Museum in his hometown itself, is with the help of football (and not only) mafia, and not with the collective effort of all Cretan people (and poor and rich that can each), then a Nikos Kazantzakis not deserve nor a museum equivalent. This news is very big shame !!! ". He wrote the famous musician Ross Daly, in social media, commenting on the news that the owner and president of Olympiakos Vangelis Marinakis undertook to support monetary Museum "Nikos Kazantzakis" in Heraklion Myrtle, for the next ten years. In Myrtle and the Museum "Nikos Kazantzakis" arrived shortly after 7pm Vangelis Marinakis to sign the relevant agreement allowing the museum to survive and continue its course.

#Positive
In statements Mr. Evangelos Marinakis highlighted how important it is to have a museum for this great author, Nikos Kazantzakis, which he said accompanies him from his school years. Referring to the crisis said that "we Cretans know how to manage and get out and standing by it." Along with signing the agreement hall of the museum called "Miltiades Marinakis' in honor of his father Vangelis Marinakis.
The collection of articles consists of ten different sites Local range in region Crete and National and known to the general public. On July 17, 2014, the Cretan origin shipowner Evangelos Marinakis, the donation of € 80,000 per year for a decade, prevented the closure of Nikos Kazantzakis Museum. Therefore all articles have been written late July when the subject was topical and much discussed on the correct or wrong decision of the institution to accept this donation. The following table held coded sera observed more frequently in the articles studied. Considering the important factor for understanding their content. Divided into keywords such as the mention of the name of the donor and the total number display every article, for example small concentration number of words mafia only found in two of the ten articles.

KEYWORDS TOTAL
1 Nikos Kazantzakis Museum 10
2 Evangelos Marinakis 10
3 " saver " 4
4 Donation-breath 2
5 Not closing 4
6 Shame 3
7 Thanks museum communication 2
8 Room Miltiades Marinakis 7
9 museum Debts 5
10 " mafia " 2

Another distinction drawn between the articles in the following table was their distinction according to their content. Ie if they had a positive connotation for the matter neutral or negative respectively eg donation breath mentioned three times in the articles studied. Where opinions differ depending on the perspective of the journalist and the media vaccines.

(Local nationwide).
Total positive feedback Neutral feedback Negative Total Comments Total
Donation-three breaths Moments emotion Shame 3 3
Thank Communication 2 Hope 2 savior 3
Old Greeks (Patrons) 3 Simple reference Event 1 Mafia 2

Specifically, the local business articles followed or a positive or negative attitude on the matter. While nationwide articles were more neutral so as not to paint their connotations and stigma to not take a stand on the matter. coding results.
Content analysis was chosen as the appropriate method of research and analysis of social communication, but mainly its social implications, and consequences of, in this case the impact it had on society this movement of operator B. Marinakis for Kazantzakis Museum. Finally, the analysis of the results was performed by means of the word graph. The first stage involves an initial theoretical elaboration and clarification of the articles studied. The second stage involves the precise determination of the sources that the websites used. The third stage involves the determination of the recording and analysis module that the parts of the texts, presenting interesting research keywords and phrases determination. The fourth step is to systematize the conceptual categories in which qualitative data are sorted and which is essentially based content analysis in tables and the fifth step, directly intertwined and often simultaneous with the previous one, is that of coding the material within each category and between different categories. Therefore, the news as a media event covered 100% of the reference of the museum's name and the donor V.Marinaki. less preoccupied rename the hall of the museum named for his father Miltiades Marinakis, even to a lesser extent dealt with debts that had the museum which led it to accept the donation. After commenting that followed each article separatist three categories of positive neutral and negative comments. Where the positive comments outweigh by 59% over the others. Here the negative reviews with 36% and finally the nationwide websites were neutral with a mere 5% reference. Following the rules of the agreements with news reporters, must answer the questions what, who, where, why, how and be written in short, clear, precise and simple way but attractive style. Therefore they answer all the articles in question what and who (ie the donation to the museum and the shipowner Marinakis) while all but subqueries are much less important for the articles and therefore have a smaller number of appearances. Specifically, the local business articles followed or a positive or negative attitude. In Crete, practically 36% of the articles were negative characterizations for the donation and perhaps influenced by public opinion and the controversy that existed at that time and therefore the important artist Ross Daly who stood against this practice. On the other hand a larger portion of the press was positive with 59% for the gift of the shipowner to rescue another a culture carrier heading for closure and stood by the institution even unadvertised and thanksgiving announcement of the Benefactor. While nationwide Articles (Parapolitika, protagon and Jungle) was more neutral 5% of the total order not to paint their complexion and stigmatized not take a position on the matter because it is an important personality

which affects an extreme attitude of. There are plenty of articles on the issue which can be addressed by other researchers in the future to deepen this issue.

3.2 Tourism income

The existence of a common and long-standing tradition by which expressed, confirmed and supported the formation of a collective identity is the basis upon which cultural identity is built. Also collective identity is part of social identity, consisting of "all the cultural elements upon which the feeling of" belonging "to a group or community, whether this collective identity is real or / symbolic, and involves a value system, which ensures the unity of the group" (Mpitsani et al., 2004). It also serves to address any threats from outside and to protect members who share this collective identity. There are five key features which are components of collective identity, according to G. Berg. However not all in any identity, nor observed the same degree. In addition there are some special features that make up the identity of a people or a place and make it stand out from others. To define the identity of a group, are not interested in simply to record all the distinct cultural traits, but to identify what those features using members to declare and maintain a cultural distinction. Therefore, the cultural difference is not immediately apparent and identitarian difference. «Mia Sub-culture does not itself produce a differentiated identity. This can only result from interaction between groups and differentiation processes, which activate in their relations. Crete with its diverse history of and has its own cultural wealth and presents significant particularities as compared to the rest of Greece. This is because it has always been a distinct geographical entity. Because of the location, Crete was the crossroads of civilizations between East and West. That is why culture and culture of Crete were always open to anything new, but while maintaining their own identity. "The geographical position of Crete, the great extent, the natural configuration of the terrain and the long-term historical adventures stood decisive factors to form the lay of culture and be one of the most important and representative of the Greek area" such notes and folklorist GN Ekaterinidis (Righteous, Theodorakis, Barbican, 2009: 50). This civilization is a continuation of the older local and Byzantine, who suffered effects, of course, by the people who lived for many years in Crete (Arabs, Venetians, Turks). However, there were no significant personalities that gave Crete and played an important role in shaping the history and culture, not only of Crete and entire Greece as the Eleftherios Venizelos airport, Nikos Kazantzakis, Nikos Xylouris and many others.

As part of the celebration of 100 years of the Unification of Crete with Greece, the archanes-asterousia and Nikos Kazantzakis Museum co-organized a conference on "The presence of Crete in Nikos Kazantzakis'. The workshop was held in the museum hall in Myrtle, Wednesday, October 9, 2013 and four speakers have addressed the relationship of Nikos Kazantzakis with important aspects of the history of Crete. Also speeches made throughout the course of the scientific conference "Nikos Kazantzakis and Cretan civilization" that realized the Museum "Nikos Kazantzakis" in Myrtle. Players who organized the conference were: Municipality of Heraklion, Municipality of "Nikos Kazantzakis" International Society of Nikos Kazantzakis' Friends, Teachers of Primary Education, University of Crete, Association of Philologists Iraklion, Nikos Kazantzakis Museum, Prefecture of Heraklion, Lasithi, Rethymno, Chania region of Crete. The conference is held under the high patronage of the President of the Republic. Proceedings of international scientific conference, Heraklion-Myrtle, 28-30 / 9/2007. (Collective Work curated Gigourtakis Nikos Kazantzakis Museum, 2010, 420 pages, Price € 10)

Tourism is a socio-psychological and economic phenomenon. Resulting from the action and reaction of factors: tourist, visitor, community, destination, tourist company, state. Leisure tourism, cultural tourism interests, sociability tourism, sports tourism interest and tourism cultural considerations. And demand depends on physical-mental incentives, incentives interpersonal nature and personal recognition incentives. A type of cultural tourism destination are populated cultural areas of life (Vasiliadis, 2009). Visiting any other culture different from the proprietary, such as a trip to a foreign country. Other destinations include historical sites modern urban neighborhoods, celebrations / festivals, theme parks and natural ecosystems. It is visible that the cultural attractions and festivals are very important attraction for tourism. Cultural tourism is one of the oldest and most popular types of tourism. From previous centuries people Their small groups of travelers, seeking knowledge,

experience and personal discovery, were making trips to places of archaeological, historical, folklore or spiritual-religious interest in unfamiliar places with different culture and ethnic characteristics. Cultural these trips, although organized by themselves, can be considered an early form of "cultural tourism", which, in fact, an established business with a different character and a view from the other forms of tourism. Also cultural tourism is defined as the movement of persons to cultural attractions away from the normal place of residence with the intention to gather new information and experiences to satisfy their cultural needs. This form of tourism is becoming increasingly popular throughout the world and confirmed by an OECD report in 2009, which refers to the role of cultural tourism for regional development of the various regions of the world. The development of cultural tourism not only creates a sense of knowledge and pride in local history and identity but helps to preserve cultural heritage, economic development and create new jobs. Cultural tourism as a special form of tourism requires a clear determination as to its components. Including both natural elements, such as monuments, remarkable buildings, exhibits, and events associated with monuments and history. Given that tourists are varied and go from passive receivers gradually seek some participation (activity based tourism), the organization providing cultural tourism services should be designed on the basis of successive and combined activities, which will give way to meeting the leisure of tourists (Mpitsani, 2004). The World Tourism Organization (WTO) considers that cultural tourism is the journey that is motivated basics cultural-including educational tours, pilgrimages, visits to archaeological sites, monuments and museums, as well as the study of the natural environment, folk culture and art . From cultural tourism the visitor understand and appreciate the basic character of a place and its culture as a whole, including history and archeology, the people and the lifestyle, cultural evolution, the various festivals and events arts and architecture, food, wine and local produce social, economic and political structure.

3.3 The promotion video

Closing created and displayed video for better promotion of the Foundation. With a view to display in tourist concentration points even for the awareness of local residents to visit the museum of the great writer. The video is based on a scenario for the traffic increase of the museum Nikos Kazantzakis. Namely the promotion of work and of the museum as the final destination of the script. Specifically the video will approach young mainly 18 to 25 to learn about his work and to visit the museum. But tourists viewing in public areas such as the airport, ferry, bus and at selected hotels and even online at the museum's website and tourist agencies.

TITLE: Create promotional videos entitled "Pursuing a model" for the Museum of Nikos Kazantzakis.
HUMAN RESOURCES
Concept: G. Heliades
Directed scenario: Michaella Kapetanaki
Music: Michaella Kapetanaki Sophia Leventakis
Kinesiology: Roula Lidakis
Starring: Mary Kalochristianaki, Kallias gherkins, Georgia Kolovos
Photography: Roula Lidakis
Editing: Roula Lidakis, Michaella Kapetanaki
SELECTION OF SCENES
Proceedings scenario entitled "Pursuing a standard" addresses a story with a young girl who goes on holiday in Heraklion, Crete and the author through his work and various coincidences leads as final destination at the museum, where the mission of the girl completed. So the video has six stages: First stage is the protagonist of arrival at the port where he finds the " first poltergeist " a brochure of the museum. In the second stage, and drinking coffee with her friends facing tablet of an image of an author's maxim. In the third scene as peripataei the street sees a report dedicated to Nikos Kazantzakis in Jesus gateway to new Heraklion and jib. Fourth stage sees the library of the parent of Kazantzakis' books of moving interest and leafing. Until the fifth scene chooses to read a book in a bus that leads to the final destination of the sixth and final stage in Nikos Kazantzakis Museum.
CREATION OF THE ORIGINAL VERSION
Having the original materials now available in a desired form, proceeded to the introduction in Movie Maker^{TM} where the extracts were put in a row under the scenario. Thus in this step had to make some more adjustments in the scenes and the lacing to accommodate the flow and was also the addition and

insertion of scenes. There followed a clipboard export in order to reproduce a multimedia player as something single and from there to observe what changes might need to do or what other treatment could be done to have a better result.

ADD EFFECT

While viewing the video "Following a standard" pass the following phrases Kazantzakis his work to raise philosophy to life and the universal human project images with the Movie Maker^{TM} software.

1) Love responsibility to tell me I alone will save the world. If lost I would fault! (From the Ascetic work)
2) That never happened is that we crave enough (by the work of Christ xestafronetai)
3) I hope nothing I fear nothing I am Lefteris (from Ascetic work)
4) Reach where you can (from the Report to Greco project)
5) A lightning our life ... but anticipate!
6) You have brushes colors, painted paradise and get in. (From Ascetic work)
7) Love man why are you!

SOUND LAYER

Also, framed video set to music by Nikos Kazantzakis projects went and saved the free YouTube downloader program and chose a song by Manos Hadjidakis "Music for Emine" by Nikos Kazantzakis book "Captain Michalis"

FINAL "INSTALL" SOUND IN VIDEO- HOW GENERATED THE FINAL SINGLE CLIP

Now therefore I had in my possession and the video and sound of the shape the like. I had two separate files, and the only thing left was to make them one. So I turned back to nuendo. There I opened a new project, and from the options menu chose the file and immediately selecting replace audio in video. Now when I played my video from the media player I would have to complete the form as the image but also as regards the sound.

ADDED TITLE-LOGO

The title image created with Photoshop by cutting Kazantzakis photo and add text. Also at the end of the video was added to the Nikos Kazantzakis Museum logo came down and stored with the free make video downloader program in the final video.

FINAL PROCESSING

The video "Following a standard" was created in Heraklion 22-23-24 December with the camera Nikon d3200 with 18-55mm lens shot scenes and 6 according to the scenario above. With the valuable assistance and cooperation of a group of friends. We thank the museum for his precious help and their places of filming. One last action was followed to introduce the video clip now perfected in the program phrases in image format (and adding animated) Kazantzakis with proper font each time. Thus, the video it reached its final form. A first viewing of the video to a specific audience of 18-25 at age, recording their reactions, whether they liked and whether they would like to visit the museum after this video. The focus group was held on December 30, 2014, where the video was shown to ten young people from all over Greece (via Skype and directly viewing the video) and their reactions to the content recorded, what improvement has and if you visit the museum after viewing that video. The method of focus groups (focus groups) referred to as a method of focus groups consisting of a methodological quality data mining tool, data and information, through a direct interaction process of participants in the group and for a specific and well-defined topic - research objective (Mpounia et al., 2008). The method of focus groups requires the direct interaction and organized discussion of participants in the group. Another way conceptual delimitation of this method is that it is a group interview method which differs from the two most common methods of raising quality data, the participant observation and individual interview. The key feature of the method and the most significant theoretical starting point is the use, understanding and interpretation of "group dynamics”. So all stages were crowned with success for implementing the video. room for improvement if they liked you would like to visit the museum after this video. Where we took into account for the final shape given to the working end. Below are phrases that characterized the video participants in a focus group:

Very nice
Congratulations
Very good work
Good

Touching
I want to read books by Kazantzakis
I loved the quotations below
Very interesting
Amateur
Also the improvement offered are:
Good
Longer scenes
Plana is generally within the museum
It is good because if you were bigger you get tired
It looks like a trailer or advertising
More nearby and not back
More on the life of the author
If he visited the museum in the future after viewing the video:
In view of the successful
Yes I would go
I mean I want to go
Yes, I did not know that there is this museum
Not because it is away from the center of Heraklion
I do not care the museum content
Yes, I would go with interest the writings

The video search is increasingly gaining ground in the Internet market, and through the video the user learns more easily and effectively he wants for this reason we made this video for what is easy access to each user for the great thinker.

Also went on the "Internet air" the new campaign promoting tourism in Crete and is full of humor, vitality, beautiful nature and authentic summer carefree images that come as a nostalgic oasis now that we are in the winter. Apparently the Region of Crete realized that holds the magic recipe for an alternative view of the island's tourism product, free of cliché and melodramatic narratives - as generally customary in our country (see Greek Tourism Board campaigns with the Olympics Hitler). That's how videos earn "freshness" and originality and lure us.

Influenced by this innovation created the film manages to be more than a "promotional film", achieving not only to praise a space and inspiration, but to help you understand why a museum lives and breathes with you, because useful, necessary, valuable. Also marked our film diversity compared to previous static video circulating on the internet for the life and work of the great writer's work. Why we aim to overcome the limits of the documentary to be more appealing and accessible to young people which was our aim. We achieved our goals more video because it was interesting for most people who participated in the focus group, which met more than 80% and further improved to 20%. Also attracted our ultimate goal was interested in the museum for our film .Adynamia is the lack of experience on the secondary film is amateur in nature and there may be because the short duration of the scenes. Furthermore subsequent scholars could do with a different way of presenting Kazantzakis with scenes from the life of his birthplace to exploit and monuments but, like Martinengo Bastion has buried the writer. Inductively the focus group was the right choice for improving the frame in its final form. This way helps the society to the promotion of culture and the development of peripheral institutions to visit the youth museum. Namely the promotion of NWT will increase traffic on our research in the coming years or will read at least one book by Kazantzakis people of our focus group.

4. CONCLUSIONS

The Kazantzakis Museum is one of the few literary museums in the country and this paper is a prime attempt to evaluate and boost its marketing communication capability. It is of central importance to increase awareness and the museum traffic through the Foundation's visibility. Of the most important positive effects of sponsorship include the opening of cultural institutions towards the general public and improving their operation. The great involvement of financing companies in organizing a cultural

event raising fears about the risk of commercialization in the minds of the simple art consumer, as was done in the case of Kazantzakis Museum. So we should preserve the golden balance that with practices, actions and agreements do not affect vital integrity of the same cultural project but this organizer. In Greece, the Sponsorship institution has not yet exhausted all possibilities of development. One possible explanation, not as the fear of manipulation by donors, while the connection from the organizing principle of the possibility of organizing a cultural event by approving government grant.

This mentality led the organizers to bankruptcy or the gradual reduction of their cultural action. Grants are key weapons of Public Relations.

Specifically, grants are given by the companies usually in areas where the state ranks second or third set of priorities, as was done in Kazantzakis Museum. When private initiative undertakes to sponsor one of these areas, the social good is threefold: strengthened neglected areas of cultural, intellectual and social life.

Today, Nikos Kazantzakis considered universal writer, a classic. Kazantzakis intensely preoccupied readership of the period of 1960 to 1970 and gradually reduced the interest but not altogether disappear despite continued disregard main university seats and state structure of the state. However the ratio of Kazantzakis regenerated during the 21st century as a deeply contemplative philosophical reason with intense theological existential background. It is no coincidence that Kazantzakis ranks first authors that influence thought and conscience of the reader MAs EKEBI research on reading behavior in the Greek area. Alongside Bien Peter (2011) recently analyzed the reasons why Kazantzakis in the 21st century should be read, especially emphasizing the timelessness of the ideas inherent in the texts as he concludes that "Kazantzakis will still be required to be read not only in the 21st century and the 22th!". Nikos Kazantzakis remains ideologically one of the most enduring modern Greek writers. He has a rich and multifaceted writings, as is one of the few writers in Greek or global scale that dealt with all literary genres: novel, poetry, essay, travel narrative theater. children's books, film scripts, translations and correspondence. He managed to overcome the country's borders and become a writer of universal unfolding a global literary talent known in all five continents. The phenomenon Kazantzakis impresses, both for the variety of interests and the volume of production and the other writing on the impact of the project both on the global dimension and the long duration of this might be the rare occasions Greek writers whose life and work are a legend and still continuously with growing exponentially causing great interest of readers and scholars of our century!

Archivist Kazantzakis material, training organization, facilitator of research, culture center modern, dynamic, active, in contact with reality and with society, ambitious and effective, this is the image that Kazantzakis Museum seems to have for himself - and this picture is seeking to project to the world, especially after the renovation in 2009, it offers opportunities for expanded activities of the museum's objective is not simply objects report, but the presentation and composition of collections, so as to highlight the artistic character of the exhibits when necessary, but also the knowledge of cultural content. The museum seems to follow this command, targeting its activities to make reality the picture is for himself. Help cultural organizations-associations and leading figures of the island to the good image of the museum. The explanatory texts include data for all categories of visitors and are developed based on parameters that enhance the principles of educational and communication policy of the museum. This strengthens the social factor in each case supports raising knowledge content of the visit. that sometimes he has seen parents using texts to transfer information to their children. Under these conditions the texts accompanying the exhibits are written in plain language, without degrading the value of information. Visiting the museum seems to have now, going into the responsibilities of the school "The Board Kazantzakis Museum estimates that 40,000 students will visit the next decade the institution (4,000 students is the annual average). The school is the decisive factor for the student's acquaintance with the museum and the establishment of the relationship with this space. However, the state has so far failed to develop a training policy which incorporated the museum. The museum studies recently begun to critically discuss the communicative relationship with visitors. Main parameter of the work of a contemporary museum is also the social aspect of its operation, communication with the public, the interpretation and transmission of content collections. The museum responsible must propose a strategic plan to ensure the present and future of Greek museums. Although they look obvious, in fact the relationship between the museum and the strategic

development of cultural tourism, is in most cases unrelated. The directors of museums and the Ministry of Culture and Tourism, can take advantage of the existing possibilities of marketing techniques by creating an effective strategy in order to fulfill the mission of museums and visitor satisfaction. There is now a need to develop specific marketing strategies for each target group who want to attract. Unless, therefore, the tour, the Kazantzakis museum provides educational opportunities in specially adapted technoparks of training seminars and educational programs and educational web presence. In this way, in addition to site visits in the collections of a museum, the Internet browser can navigate and draw information.

Also conducted many events that contribute to the local community and promote the Museum's work. It seems that these efforts are recognized and appreciated, not only at national but also at European level, since Kazantzakis Museum was nominated among 57 museums from 19 European countries for the prize "European Museum of the Year 2012". Even for the award of best practice a few years earlier. The substance but not in the awards, but the real work done Kazantzakis Museum has more potential remains to be exploited. The museum is accessible to the public with several communication media visibility on the web and on social networking sites (official pages on Facebook-twitter-YouTube). The findings detect ways to remove the exclusion of people who feel marginalized and weakened by the space and the existence of good and interactive Museum with social groups that traditionally does not attract that youth. Further research should facilitate an in-depth investigation of the contribution of the Cretan thinker identity, a key issue that would lead the museum’s communication approach in the future.

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TTIP and TTP – Consolidation and Division of Global Market

Kypriotelis Efstratios
Department of Accounting and Finance, TEI of Epirus, Greece, e-mail: kypriot@teiep.gr

Abstract

The second industrial revolution has enabled the ejection of mass production and put the European countries on a struggle to bridge the gap which began to be created between them and the US. In this perspective it is easier to be understood the political actions and economic adjustments, which from on one side were endogenous, so clearly European, and from the other they ought to be adjusted to the prospect of a leading power, exerting devastating influence in the aspirations of European states. In the context of these realities, the historical movement is the fleeing forward, legitimately progressive. The current trend towards the creation of a unified world market has been the subject of empirical and scientific documentation. The promoted association of global markets is a phenomenon of the modern era, which matures historically and specified by taking premature institutional form in Transatlantic Trade & Investment Partnership and Transpacific Partnership and in the proposed Transatlantic Free Trade Area. According to the evidence so far it is about the creation of institutions, aimed at removing trade and investment barriers and the final consolidation in a global market. Reiterating the position of J. Buchanan that "a market is not competitive by assumption or by construction", it is concluded that in this approach enshrined economic ties, the economic base and defined the state-territorial concept of participants. In an attempt at comprehensive review of socio-economic consequences should be arising three considerations: a) The stronger economy will subdue the weaker in its production mode, putting its own terms, b) the weaker economies becoming supplement of the strongest ones and c) becoming an interaction, so the new born, is a new composition. In all cases a new allocation will be made. Although this appears to be a new form in the essence is its product. The new structure will be built over the nation-state and also over social basis, manifestations that constitute the dialectical negation of local, expressed in the current form of the nation-state. These manifestations are progressive and historic, move primarily objective and secondarily subjective to the extent however that the historic withdrawal of the nation-state will follow the same process of its creation and the process of economic management will be the scientific programming. Here we have a structure, which will try to explain ex post facto the historical development of markets distribution in subjects, who should have been turned into objects of global governance. A historical prognosis and therefore a theory of the necessary stages of historical development would bring to the surface many problems, complex and very serious, from a theoretical and mainly practical political aspect.

KEYWORDS

Nation-state, consolidation, division, markets, institutions, unification

JEL CLASSIFICATION CODES

F02, F50, P00

1 National Sovereignty and integration

The national sovereignty of the theoretical viewpoint moves within the frame of dialectic between politics and economy and as a bearer it is expressed practically as a dialectical relationship between the supranational monopoly and national status. In this context the plans and the priorities at different levels are produced, in conjunction or not with the economic laws. The commitment (loyalty-appeal) in economic laws reaches up to the point where the set of objectives, in the sphere of economy and at the level of economic management and control, are met. The relations of production levels escalated respectively, as they expressed through national and regional relations, which are forming relations of production subjected to the economical laws. The production relations coexist in three levels, the national, regional (EU type) and those of globalization. The movement of forms of production relations subjected to economic laws and the direction of this movement is the national towards globalization with the relevant regressions. These three forms coexist simultaneously and operate as a system, with the dilatation of the importance of globalization, and the contraction of the other two stages, especially the shrinkage of national types of production relations. The relations of production implement at all levels as a unified system, which is subject to the laws of historical development, the withdrawal of the nation-state and the imperfections of regional integration, which is carried out hastily and under pressure from the aspirations of the unipolar world governance. In the same context de-nationalization, the dissolution of European relations and deterioration of EU importance is attempted, which are events historically justified, however these are taking place before the completion of the formation processes of regional unions in political and economic associations in which will be absorbed the nation-state and the transition in a global formation and governance will take place. All these, nevertheless, contribute to forming decisive considerations for the historical overcoming of these two communities, the nation-state and regional associations (EU type). The perspective is considered as narrowing the space where the forms of production relations are shaping and simultaneously an interpenetration between space and historical community, which eventually causes the dissolution of historical communities, initially that of the nation-state. Overcoming these two historical communities is carried only in one level that of the economy while putting an end to the other level, the level that gives the depth of perspective, forming an integrated system of political and economic relations. The political background is missing and overcoming becomes possible without political deepening, resulting in the relative political and economic turbulences. Delaying political integration transfers all political and economic relations on a surface in which are engages in addition to economic and political relations and the same historical communities and they are dissolved into their component parts[9]. This development is associated with a system to incomplete transition that takes different literary interpretations, moving in the corresponding three levels, with corresponding ideological ambiguities, starting from the ideology of transition of nation-states in the European integration and the globalization ideology with the circumvention of regional associations. It is obvious that the focus of theoretical attention is not at the level of individual combinations as to the level of primary data so the effects of the transitional period consistently to be ignored and the necessary scientific analysis to be absent. The search of the relationship between regional associations and national sovereignty highlighted the particular characteristic, especially in the EU, where regional integration is carried out after the mid-1970s, at the center of global political and economic crisis, resulting in speeding up procedures especially towards the end of the 1990s onwards, with the entry of 16 new members and the doubling of the 10 members of the EEC until 1981. Here obviously it is about elimination of every effort of economic integration based on the principle of convergence of

[9] Today Europe is facing the “Gretix”, “Brexit” and the Spanish issue of independence of Catalonia.

Member States' economies and the emergence of a dialectical relationship in which hastily and sprawling absorbed the national entity from supranational to the weakening of national sovereignty. The relations of production converted from national to supranational and this is becoming immaturely, from economical and political aspect, inasmuch the principle of convergence of economies is violated and the political union was postponed. The objective conditions were replaced by the subjective and the role of the replacement of financial economic management methods is taking geostrategy of supranational capital, as economic regulator factor. At this point, the principle of "supranationality" is introduced, as a replacement of the basic element of international relations, before it completes its cycle, playing its role until its historically legitimate withdrawal. The decline of the national state element leads to the reduction of sovereignty, the retreat of the objective in front of the subjective. The subjectivity is expressed through the three-sided strategy of supranational capital, specifications, which are recognized in countries' constitutions, being the indicators of states self-dissolution. The self-dissolution is carried out gradually in one single level by incorporating supranational legislation and treaties in the laws of states. In Europe in the context of the EU, european directives becomes Member States' law. Directives and European legislation are emanating from a simulacrum of parliament, which in practice is not controlled by the individual Member States with a unique controlling tool the right of veto. Similar to the EU, in a different form but with the same content is the NAFTA, as a trade association, which also represents a transitional form in the upcoming TTIP (Transatlantic Trade and Investment Partnership). On the side of the Pacific countries, signed on February 26, 2016 the TPP (Trans-Pacific Partnership). The texts of these agreements converted into law of the States involved, constituting the form of the transition from the national to the supranational element. At the same time the content of these agreements shows the direction to the globalization of the markets. In this case there is an identity of the form and the content for the benefit of supranational capital. With the reminder that when the form is identical with the content, science is substituted by empiricism, then geostrategy of supranational capital, as a determining factor of arranging the scientific gap in the management of the economy, appears. As severed from the objective transition course from national to regional and global affairs, nation-states are pushed violently to the loss of national sovereignty, with the dissolution of the form and content of the historical community. All these mean the effort of balancing multilevel organizational forms in a single surface without depth, the rupture and the sudden revelation of unequal unification of the world, under the omnipotence of combined subject. A puzzle of inequality between countries with different levels of economic development, culture and cultural elements is created, which are no longer taken as a set of different and complementary entities in world affairs. It is eliminated and even this bourgeois conception of harmony and normalness between the part and the whole and transition is taking place with subjective handling without considering the individual peculiarities of its components parts.

1.1. New Order, movement of capital and division of labor

Economic growth and the productive forces do not always move together, not actuated automatically and the former does not automatically deploy the second or vice versa, these politico-economic considerations, creating potentially dangerous relationships, which require analysis and adoption of new forms of management and control. The globalization of economic activity affects and is affected by the international division of labour, each country's culture and politics as it faces barriers to regional differences, expressed in different ways, as differences in population density, employment, income, the migratory balance, economic structure, consumption patterns, and spatial inequalities north – south and these differences occur both between states and within each state. The continuous enlargement exacerbates the problems between countries and regions. In order to control all the above

a governance system based on the existence of international institutions has been applied. The governance, using quantitative economics, alters both the qualitative characteristics, with alleviating the strong local coherence, false historical truth configuration, dialysis of the state economic structure dissolving the productive potential of economies, altered statehood identity to consumers, rather than producer states. States are weakening and there are thus, stronger international institutions of the states which abolishing national identity, loosing control, and transnational cooperation performed on the basis of politico-economic inequality. The governance and control is exercised today through the international institutions that operate as intrusive mechanisms. A governance system is imposed in the global arena, manifested geo-strategically. The international institutions (IMF, World Bank, NATO, EU etc.) since the 1950's trying to shape the policies of economic and political actors with a view to removing interstate systems and enforcement of transnational networks and supranational management of the economy. The aim is to bypass the nation-state as a geo-economic space production and geopolitical space techno-economic development and socio-economic prosperity. In the centre stands the will of the great powers, especially the U.S., to impose economic and political model, formed upon their geo-strategic goals. Globalization is a complex system, the centre of which stand the U.S. and in which power derives ultimately from a single source, namely from Washington (Zbigniew Brzezinski, 1998). The national governance replaced by a system independent from nations-states and tends to become a global governance system through international institutions, as a control and management of the economy, mechanism. The traditional structures and institutions of the nation state, replaced with new supranational institutions and new systems and standards of production and circulation, quantitatively larger but fragile and vulnerable to economic changes. In terms of joint enterprises, multinational companies are converted into joint ventures partnerships with private companies and states, which are controlled by the states and in turn control the productive forces and act independently of the national economies. The economic activities of mixed companies determine the use of resources, and scientific personnel of the productive forces. Operation of the agreements joint ventures, with a governance system, determined by peer relationships synergy, maintaining the characteristics of sovereign nation-states is accepted and magnifies the economic development and incorporates the rational use of resources, the productive forces and the scientific staff. Globalization propounded here adversely rejects stricto sensu state-centrism and pronounce ex parte fortis the end of the state, namely global governance. The concept of global economy postulates the existence of a global system synonymous with global capitalism, considering the dominant forces of global capitalism as the dominant forces in contemporary global system. The role of the state limits the incoming forces of the global economy and the only seeing organization to perform the role of primus inter pares is the Transnational Corporation (TNCo) the ultimate mechanism of a supranational system controlling the flow of energy and resources and determine the movement of goods and services by controlling costs, monitoring of the productive forces and the scientific personnel. Here, the focus is on the transnational capitalist class and how it has constructed a discourse of globalization to further its interests.[10] A new class has been created, the Transnational Capitalist Class (TNC), which is in contrast with the national bourgeoisie, under their attempt to maintain their own national power. The dynamics of the development is such that the TNCo is the one that has international monopoly capital, much stronger than the limited national capital that remains trapped in the narrow national boundaries and can not be developed. The prevalence of TNCo, over their respective national, promotes dynamically the internationalization of productive forces capable of moving dialectically with the accumulation of capital, and eventually leads to the globalization of capital and the productive forces. Respectively, the relations of production from national, regional and international become global. The

[10] Sklair L., 2000, "*The Transnational Capitalist Class and the Discourse of Globalization*", Cambridge Review of International Affairs, [online] Available at: https://www.globalpolicy.org/globalization/defining-globalization/27656-the-transnational-capitalist-class-and-the-discourse-of-globalization.html, Last Accessed May 2014.

inability of the system to be driven at a higher level with the dialectical opposition of capital and labor force has resulted in the inability to manage the productive forces. In this respect, resorting to extreme methods and violent solutions is a phenomenon inherent to the lack of management and therefore expected and explainable. At the same time it increases unemployment, marginalization and forced migration, and the ruling class is responsible for this and unable to utilize the productive forces. This results in the rise of nationalism and any resulting effects, racism, chauvinism and cosmopolitanism, expressed by the political power and promoted to the citizens. History is rich in violent situations solving this problem, with devastating consequences. Even greater experience gives the practice of real socialism in the field of socialist industrialization and the socialist transformation of the rural areas. The logic of the civilized capitalism does not allow genocide and uprooting populations, as is the conquering practice of feudal nature, seeking primarily land. The phenomenon of forced migration is not the result from the opening of borders, but is the result of the weakness of state administrations, which refused the progressive path of development and tried the re-capitalization after the changes in the world of 1989. Expressed globally in developing and developed countries and in capitalist and former socialist, manifested both in the host and departure countries. The so-called “reformations”, “modernization”, “renewal”, “transparency” etc. are the standards movement of capital, it first migrates and organic with it migrates and labor force. Caused thereby osmosis of productive forces, which is proportional to the different levels of development of the capital in each region. Movement of the capital causes migration waves in correspondence with transnational capital, and migration arises as unskilled and highly skilled labor force and associated in the cosmopolitanism that flattens national cultures and creates fear and reaction. This abolition meant in the past national treason, economic crime, espionage respectively. Immigration-export of transnational capital or monopolisation accompanied by “economies of scale” or “political climate” is constantly subject to geopolitical component of geostrategy, in its latest version, the “Enlargement”. This forms the “refugee camps”, a policy aspect of the world economy of the “brain flow”. Suppressive mechanism of the economy management is unable to provide a solution and migrants, young and old, outcasts from their countries, discriminated in the host countries as political refugees and economic migrants, according to the non-science economic, suffer from the development and underdevelopment both in their hell-country and in heaven-west; and suffer under economic pressure -unemployment, poverty and hunger- and political pressure, Schengen, Echelon the dialectical counterpart in the political sphere. The progress is associated with the movement of the population, the internal and external migration. This is connected with the advent of capitalism, whose mission is the progressive replacement of extra-economic methods of operation with the corresponding economical, freeing man from the Earth and the Earth by humans. Today however, capitalism is different from all the previous, not only the pro-monopoly, but also the monopolistic capitalism, until the early twentieth century. It has lost the ability to promote the productive forces as new classical economics either as Keynesianism, as a maintenance policy or as social democracy. Today, we are moving in the line of concentration, on a transnational private monopoly scale, which advances in privatization, de-Europeanization, de-nationalization, as de-language, as de-cultural as global expropriation, as Revelation even Nuclear. Today, Europe is changing and these changes are, among others, political and economic. The dynamics of changes linked to the prospect of Europe and particularly in Southeast Europe by eliminating dividing lines and the expansion in the wider area of SE Mediterranean. This dynamic of dilatation is at a turning point and need to be realistic interpretation of the forces engaged and phenomena in progress. The realistic interpretation developed in the three dimensions of time with the third being the provision of movement at the turning point. The first level of scientific abstraction approach is at the level of geostrategy and balance of powers and historical movement compared to global governance more broadly. The geostrategic is practice and class of monopoly and all related mechanisms of monopoly capitalism and imperialism. Born and expire at the core of that period, the monopoly relies on external sources of growth and raises, consequently, the movement of the population in line with the internalization, interdependence, integration and finally globalization. Similarly it elevates social

progress because a monopoly is more progressive than the small business and private property. The two periods-stages of imperialism, develop the global capitalist market with the movement of goods, product of materialized labor and the conquest of the nation-states and demolition of the walls not with cannons, but with industrial products. The laws of protectionism, customs and other arrangements, all of the arrangements and structural changes, has aimed only in the increasing violation of the law of value in the international field, consolidating the system of unbalanced exchanges and world economy as expressed in the movement of capital and labor power. Geostrategy developed in three dimensions, national-ethnocratic, the Europe-unionism, and the Atlantic. The politics of the 20th century largely manifested with new historical developing concepts, which more or less were progressively lost or were losing their historical content. The two world wars and the global depression of the 1930s imposed restrictions on cross-border labour mobility although the expected gains from the liberalisation of the labor market are much larger than trade liberalization. Globalization deprives management mechanisms of the economy and the problem of relations between politics and the economy arises inevitably when an overturn occurs which is world-historical importance and as the industrial revolution created the impression that the economic factor is independent and even indeed superior between social relations, so the geostrategic comes to fill the gap in global economic governance. The geostrategy is expressed with its two components, the geopolitical and geo-economic, which today have received their institutional documentation in NATO and the EU respectively. Moving on to another level of scientific abstraction will conclude that the most volatile index is that of policy with the EU enlargement to the countries of the former USSR and the expansion of the new NATO eastward. Rhetoric strengthens the doctrine of monopolization at this level of subtraction and lies towards the west and transfer the dividing line in the ground of socialism. This labelling is inconsistent with the economic index and concerns the position of capitalism facing its survival. Towards this direction the highest reserves of the system sacrificed, the individual forms of production relations, national and those of integration, to generally survive the capitalist relations of production on a global scale[11]. At the same time small business, private property and the nation-state dissolved, namely the foundations of the capitalistic system, for the over-concentration of capital in Transnational Monopolistic Corporation (TNMCo). The relative expected prosperity impacts the increase in unemployment in almost all EU countries with the system have not the appropriate tools for trend reversals. The over-concentrated capital is unable to absorb the growing labour force, a trend which is reinforced around the area of the wider SE Europe including the ME in the broad sense. Under these conditions the region of SE Europe expands with the simultaneous dissolution of the bonds and the prospect of its development. The supranational entity of this geostrategy, under the weight of the past and the pressing need for survival today, crushes the development of specific areas. The objective processes of globalization are complicated by the geostrategy, under the framework of governing the economy by Transnational Capital (TC) and its expression through the TNMCo. The geostrategy manifested on the ground of economy and alienates the economic systems, which already are ineffective at the globalized economy. The TNMCo is the core of geostrategy worldwide, which is distinguished by the regional conflicts, especially in the area of Southeast Europe at the expense of economic development of the region. The TNMCo through the EU institutions seeking capital export and the developing countries seek capital offering workforce. The objective procedures are organically tied with the fundamental changes that took place in Europe and particularly affected the SEE. These are concentrated in the dissolution of the USSR, with a corresponding impact on SEE countries; the EU enlargement to the countries of former Warsaw Pact and the simultaneous dissolution of the nation-state. A second fundamental change is the governance of the economy through existing international organizations or changing roles of international organizations or marginalizing others. In this geostrategic line marginalization of the Organization for Security and Co-operation in Europe and

[11] Ntouskos P 2000, "*Geostrategy and Contemporary World*" "*Γεωστρατηγική και Σύγχρονος Κόσμος*", Gutenberg, Athens, p. 182

its replacement by NATO was attempted which is the eminently political body of Atlantic enlargement. A new class is born the Transnational Capitalist Class (TNC)[12] that will fight with the national bourgeoisies and find obstacles of them, but which will ultimately succumb and thus open wide the way for the internationalization and the transition to globalization of capital, and the productive forces, acting dialectically and so does the relations of production, which from national, regional, international, become universal.

1.2. The dynamics in the context of globalization

The first industrial revolution created the objective basis for the complete elimination of the feudal mode of production, which already had fought the bourgeois revolutions of the last century. Today the form of globalization is removed from the search for a new management of the economy system, based on the transitivity of absorption of nation-states from the regional associations, the transition of regions to the global market and globalization. This process highlights the underlying problems in the absorption of the national element, which although has the corresponding historical background and the global market integration, which is unprecedented and unique in dimensions. In this context, the projection on the economy and the relationships developed by the deficit necessary and competent economic management methods are relevant. Degraded the regional sub-economies of nation-states in order to be applied the administration of these economies by the institutions, even though transitionally, and finally to pass completely to the supranational enterprise. The form and substance of the transnational enterprise (TNMCo), which becomes Supranational, is the forecast for economic integration, because in it will be absorbed all the previous forms of property, the individual capitalist, regional (EU, NAFTA), interregional (TTIP, TPP). At a market level confronted the Europeanism and Atlanticism with the creation of Euroatlantic Union[13] and at the region of the Pacific countries Trans-Pacific[14] union with local and regional markets. The overall changes in the world in the last decade of the 20th century are important, but also this is a conjunction of the occurrence of events and do not cancel the historical movement of humanity. These changes encapsulate the meaning of changing the correlation of forces; they are limited in time and form the bond between the self-interested approaches of historical movement with aspirations of conservatism, unattainable in lawful movement towards globalization. This move makes the course of history much more crooked line to the extent that is not a product of the world market *(but its "rapist")*, would be acting as unifying of the world history, or at least as individual markets have configured independently within a their own living space. At the front of the problems confronting the national with the supranational element, each one of them according to its power rank of motion, through the above mentioned relationship, within the Euroatlantic and Pacific-Atlantic processes. These problems can be summarized as follows:

- The convergence of economic, social and institutional systems between the US and the EU makes it possible to design common institutions, which will govern this great new transatlantic marketplace. In a long-term perspective, this goal stands as the natural evolution of modern history. Its

[12] Sklair, L, 2000, "*The Transnational Capitalist Class and the Discourse of Globalization*", Cambridge Review of International Affairs, Available at: https://www.globalpolicy.org/globalization/defining-globalization/27656-the-transnational-capitalist-class-and-the-discourse-of-globalization.html

[13] Velo, D, 2014, "*The EuroAtlantic Union Review*" Vol. 1 - No. 0/2014, Editor Dario Velo, Editions Cacucci Editore S.a.s., Bari 2014.

[14] *"TPP agreement"*, Office of the United States Trade Representative, https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-full-text

purpose is to represent an intermediate step towards creating a single, governed, global market[15]. In to the decisive element of the confrontation between the supranational and national element, the speed of the process lies decisively in favour of the first on the verge of the last two centuries. At the point of intersection between them, socioeconomically issues arise that can only be understood on the basis of existing forms and the projection of their dialectical relationship in to the future. The determination of the timing point, where will begin to reverse this relationship is a crucial point to scientific analysis. It is exactly the point where this contrast produces the historical movement and it is particularly constitutes the critical historical transition from one form of government to the next.

- The second of these problems lies in the contradiction created by the agreements themselves and from the parties involved in them. While in the Pacific agreement twelve independent states are involved, in transatlantic agreement independent states and the EU as an institution are involved. This is a special component where the EU has completed the economic union and there is no prospect of the political union. It is obvious that the nation-state will be subject to an institution, where it will be represented by another institution, the objectives of which are not subjected or will not serve the aspirations of individual states. Incomplete EU converts the divergence between the economic management mechanism in divergence between real and achievable goals, resulting in a rigid mechanism that denies dialogue with society and becomes a subjective enforcer. A new market is created and the retardation of the individual local institutions regulation, national and international regional, in order to develop their own dynamics, beyond the existing socioeconomic opportunities, constitute the quality of the parties that compose the total.
- The third of the issues is related with the economic management system into practice and procedures which have been launched and supported by institutions that have been established decades ago (EEC, EU, WTO, GATT) [16], while simultaneously these procedures are phenomena of the ME, in which there are two global realities, two socioeconomic systems, capitalism and socialism. The discussion of the socioeconomic consequences already raised the general question of positive and negative relationship between politics and economics in the context of global integration. The weakness of the state to stand as a subject of international law is also increased with the corresponding representation difficulty before these international institutions. This fact means that the intended global integration ignores the fundamental realities or pretends that do not exist. It contains the logical contradictions of the two existing systems, one of which requires the existence of the State Enterprise for the benefit of which will stand any subject of governance and signed in the Collective Agreement (Trans-Pacific Partnership), the principal[17] "that the state enterprises could play a legitimate role in different economies of the parties, while recognizing that the principal *of provision unfair advantages to SOEs* undermines the fair and open trade and investment, and the determination to establish rules for state enterprises, which promote equal competition between private companies, the transparency and sound business practices." It is obvious that this consideration, of the desired, through the two global market integration agreements, lacks scientific basis. Unless the science of the future shows that there was not socialism, nor as a concept, otherwise ought the scientific community to study it scientifically. This contradiction intensified in the transition for mankind era, of sufficient deficit of

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[15] The convergence of economic, social and institutional systems between the US and the EU makes it possible to design common institutions that shall govern this great new transatlantic market. […] In a long-term perspective, this goal stands as the natural evolution of modern history. It is intended to represent an intermediate step towards the creation of a single, governed, global market.
Velo, D., *"The EuroAtlantic Union Review"*, Vol. 1 No 0/2014, Editions Cacucci Editore S.a.s., Bari 2014, p. 7.

[16]General Agreement on Tariffs and Trade, [Online] Available at:
https://www.wto.org/english/docs_e/legal_e/gatt47.pdfU.S. Cooperation in Human Space Flight Assessing the Impacts, February 2001, [online] Available at: http://www.nasa.gov/externalflash/iss-lessons-learned/docs/partners_us_russia.pdf Last Accessed May 2016

[17] **AFFIRM** that state-owned enterprises can play a legitimate role in the diverse economies of the Parties, while recognising that the provision of unfair advantages to state-owned enterprises undermines fair and open trade and investment, and resolve to establish rules for state-owned enterprises that promote a level playing field with privately owned businesses, transparency and sound business practices; Text of the Trans-Pacific Partnership, released on 26 January 2016, https://www.mfat.govt.nz/en/about-us/who-we-are/treaty-making-process/trans-pacific-partnership-tpp/text-of-the-trans-pacific-partnership/

economic management system, necessary to meet the demands of the globalized economy and simultaneously, rejects the scientific advantages of programming as capable and necessary under these circumstances. Corroboration for this fact constitutes the use of programming by the EU, in megaprojects[18] of international cooperation etc. It is manifested in this way an organic connection at a different quality level, without the necessary coherence between the part and the whole and it is not explained how the appropriation of the production of the part will be appropriated in the sphere of distribution from the whole. The convergence deprives the advantages of the two economic systems, which hinders the historical perspective on globalization.

- The fourth of the issues have to do with the EU, where in its context the real convergence of economies has not actually been completed and was just enough the crisis in 2008 to highlight the existing huge gap between the economies of member states. The EU itself contains contradictions, mentioned above, and while convergence of the economies of the member states is promoted, dissolution of the nation-state and simultaneously de-industrialized in the economies of certain Member States is in progess. It becomes clear that in the EU the convergence model is contradictory and scientifically unsubstantiated. Two opposing economic currents of economic thought as economic management methods are valid and coexist in the EU, the Keynesianism used in the convergence criteria as a substitute for the lack of political union and the new classical economics used as management system in the fleeing of the system ahead and the cohabitation struggle with Atlanticism. EU inherent weaknesses constitute the essential aspect of speeding up the procedures for the creation of the Euro-Atlantic Union, constituting rape of historical objectivity and formulate the univocal way towards supranationality. The transnational capital acts here with realism, leaving the EU with the outstanding issues blocking its completion, which is an obstacle to globalization. It looks forward to the supranational element as one way of overcoming the local and leaves the EU to confront with exogenous and endogenous factors and its imperfections. At the same time ignores the necessity to save all the cultural elements, classes, races cultures and the area of Europe itself, as of fermentation space of all socio-economic formations, which are the viable elements necessary over the next socio-economic system.

Today the promotion of free trade agreements is a global trend. At least 110 countries are negotiating, involving regional free trade agreements. The agreement of the Pacific countries, signed on 4 February 2016 and the text of TPP Agreement dated January 26, 2016. The Pacific Agreement although it is a guide for the transatlantic agreement, the negotiations between the US and the EU has a special interest. These two economic regions are among the most important in the world and together they produce 44% of world production and 60% of Foreign Direct Investment (FDI) Foreign Direct Investments (FDI) and the exchange of goods between the two countries reach a height of EUR 1.8 billion every day. At the first level of analysis is placed the historical context and it is constructed as part of a worldwide market, while simultaneously coexist in world affairs capitalism and socialism. It is sought the markets' integration while simultaneously resulting from the convergence of these two worlds the unity and division, cooperation and confrontation. Manifested gradually and hastily, once more, in the model of tricentrism the EU - US - Japan, parallel and against the existence of such initiatives[19], acting contradictory and while on the one hand is converging the markets on the other is dividing them respectively. This means the effort to strengthen one side and weaken the other, inconsistent with a single global market, unless this also means neo-colonialism in a different form. Transition is carried in the context of geostrategic perception from the local narrowness of the nation state to the global. It is governed simultaneously by the narrowness of the geopolitical and geo-economic perception. Within the context of these perceptions the sharing of the markets contradicts the historical course of humanity towards globalization. A new quality for the nation-state and international relations is created, since the supranational capital becomes equivalent interlocutor with

[18] N U.S. Cooperation in Human Space Flight Assessing the Impacts, February 2001, [online] Available at: http://www.nasa.gov/externalflash/iss-lessons-learned/docs/partners_us_russia.pdf

[19] *"Chronology of China's Belt and Road Initiative"*, [online] Available at: http://news.xinhuanet.com/english/2015-03/28/c_134105435.htm Last Accessed Nov 2015

the nation-state. The development of national relations inhibited and weak states are absorbed by strong, accelerating capitalist accumulation of supranational monopoly, historically legitimate movement, if the nation state has completed its social preconditions and if its withdrawal will be done in historical order. Transnational capital instead arrogantly abolishes social structures and replaces them with new institutional expression, private in nature and above[20] the national. This process puts individualism over the collective, fragments the society to persons puts the issue of the uniformity of the national space and brings the society at the beginning of the historical era, back in the era of "proletarian dictatorship" building again from the beginning that was built the last 60 years. Under the growing pressure of the masses to be shattered in individuals an explosive situation will be created when adverse developments converted into requirements with global dimensions. Despite these shortcomings market integration is methodologically and theoretically valid and begins its building from the economic base. However in this case there is a clear mismatch between objectives and means, process which leads to three open fronts. The first front is left open to the rear with the dissolution of the nation-state, forward meets the rise of socialist states, Russia, China with the all relevant treaties, while the integration of the markets themselves fights within the EU dismantling and the struggle Europeanism - Atlanticism. The overall geostrategic line marked by the pursuit of survival of monopoly capital, indicator of this quest is the programming (modeling) arising from the text of the TPP agreement and the agreements texts preceded it and referred to it. In the above texts, reference to the economical capabilities of the Member States, involved are unclear[21], indicator as well of the indifference as concerns the pursuit of improving their economies or of the existence of a measurable method for evaluating the results from the operation of the unified market. Extension of this ambiguous reference is the essence of the unified single market, the priority of which is the strengthening of individualism rather than collective institutions, which called upon to define the requirements of capital movement by intensifying structural deviation of the global market. The whole integration process is aggravated by supranational monopoly through the supranational corporation, in which the state management mechanisms of the economy and the management system of the global market will be capitulated, negating the economic parameters putting in their place the geopolitical and the geostrategy.

2. Transatlantic consolidation and the discourse of global governance

The post-war government intervention based on Keynesianism reached its limits in the early 70s[22], with simultaneous decline of public investment [...] state intervention touched the permissible limits. [...] This fact made necessary the removal of the investments international flow regulation from the national state-monopoly institutions and the assumption of from the supranational capital, taking up

[20] TPP Agreement: Article 28.10: Qualifications of Panellists 1. All panellists shall:
(a) have *expertise or experience in law*, international trade, other matters covered by this Agreement or the resolution of disputes arising under international trade agreements;
(b) be chosen strictly on the basis of objectivity, reliability and sound judgment;
(c) be independent of, and not affiliated with or take instructions from, any Party; and
(d) comply with the code of conduct in the Rules of Procedure
"TPP agreement", Office of the United States Trade Representative, [Online] Available at: https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-full-text Last Accessed May 2016

[21] *"TPP agreement"*, Office of the United States Trade Representative, [Online] Available at: https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-full-text Last Accessed May 2016

[22] Conference on Security and Co-Operation in Europe Final Act, Helsinki 1975

this regulation along with the corresponding mechanisms[23]. The transatlantic consolidation and the respective of the Pacific countries, in time depth advocates in favour of the stronger economy as a carrier of supranational capital, which has the power and flexibility to invest anywhere in the world while simultaneously diversifies geographically investment profitability. This percentage is lower in the economically stronger countries and remains relatively stable in the last decade. The data does not gives different results over time if 1970 or 1980 be used as year base, with a characteristic example of Japan, for which the World Bank data, show the year 1978 (year in which there are all the elements for the Japanese economy), proportion of FDI to GDP, 0.001%, with the index to take the greatest value (0.5078%) in 2008[24]. Particularly low is the percentage of FDI as a percentage of GDP for the US, while for all other countries this percentage is much higher including New Zealand, which while exhibiting low values for the period shown in the table, it takes values greater than 5% in previous years, with the index to take the highest value 7.298% at 2000. It is therefore indicative trend of supranational or transnational capital, using as a vehicle the economically strong countries to prevail over the state capital of the less economically powerful. Comparison of FDI in the countries participating in the TPP agreement as a percentage of GDP of these countries shows the difference between the economically strongest and weakest country, as shown in Table 1. The year base is 2005 and displays the percentage change relative to the base year. The pretext of mutual benefit is not valid, as not valid is and the pretense of the benefit of small business, positioning historically wrong, since the historical trend is toward capitalist accumulation, which has started from the imperialistic stage of capitalism and leads to social control. In the contrary at the level of subjective motives, market integration aims at the appropriating of the labor products surplus and at the labor force, which in order to be possible requires as necessary process the enforcement of political domination. In this phase, with the separation of power and the exercise of violence, resorting to the substitutes of political power and institutional organization is necessary. Namely the creation of an institution through which the political sovereignty for the benefit of supranational capital economic domination will be exercised The prospect of economic sovereignty presupposes and the corresponding development in terms of technological supremacy and overall supremacy within the context of STP, with the side of the Atlantic Capital to prevailing in both cases, both in terms of Euro-Atlantic and the Pacific side. This superiority is manifested with the transfer of capital and scientific-technical knowledge, so the export of capital as distinct from the export of goods is completed. This movement is political and economical, political sovereignty is not separated from economic, in contrary the dominant element is the economic and economical interests and politics is the action through which the economic domination is imposed. This power is exercised in two ways: a) The power exercised by the powerful nation-states under the governance of supranational capital through supranational institutions and for its benefit and b) directly by supranational capital itself with tools the stock market capital and technological superiority. The transition of capital does not benefit all sides, as indicated in the introduction of the TPP text, but rather strengthens[25] the differences in the speed with which the segments of the world economy are developed. Strengthening economies through free trade equally requires strong economies and this is a principle which largely had adopted from all the current major economic powers, including the United States, which eased restrictions on trade in 1952, when they had become economic superpower. Similarly there is no comparative advantage in a global economy. The integration of markets through these agreements has an objective basis to the expansion of capital and is connected with the rational management of resources on a global scale, proceeding which is not allowed to the nation states but exerted by supranational capital. In this case the supranational capital

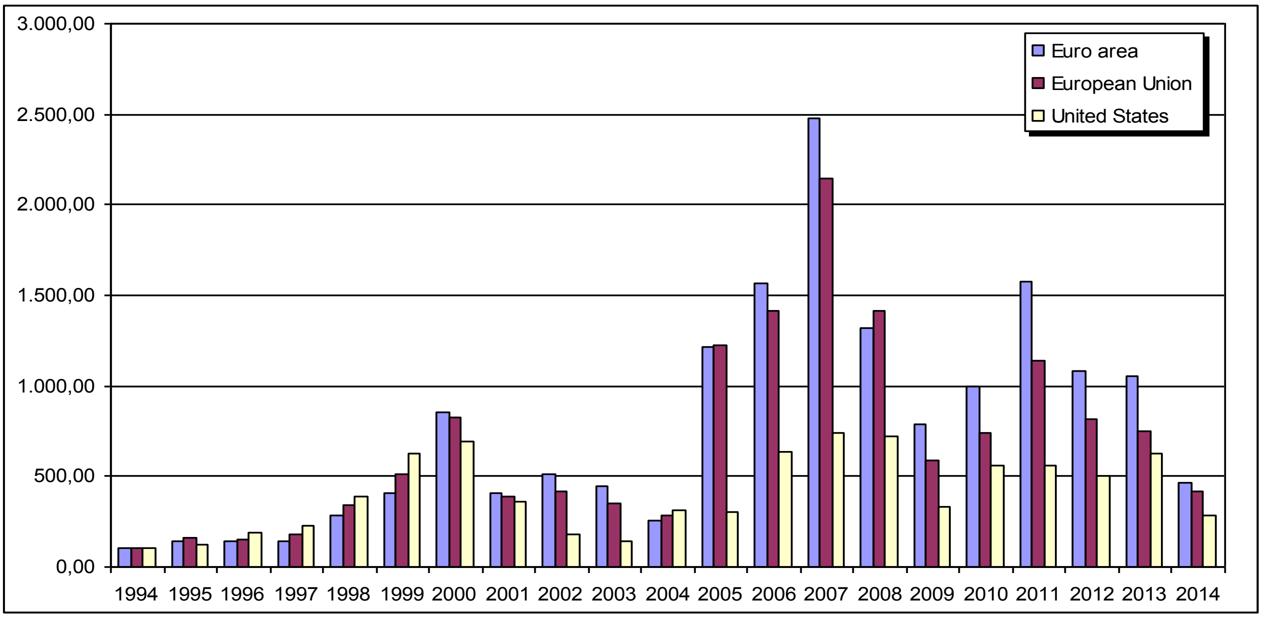
[23] Ntouskos, P., 1997, "*The Consolidation of the economies in Country Members of European Union", "Η Σύγκλιση των Οικονομιών στις Χώρες Μέλη της Ευρωπαϊκής Ένωσης",* 1st Edition, Gutenberg, Athens, p 42

[24] According to the World Bank data processing

[25] Lenin, V., I., 2013, "Imperialism the highest stage of capitalism", reprinted 2013, Editions Modern Era, Athens p 112

outperforms the corresponding weak national capitals of the Member States participating in the agreements, which acts repressively and uniquely, dissolving the economies of states and correspondingly weakens national sovereignty, especially over resources and labor power, but also acts and complementary where developed capitalism has features and the corresponding STP, industrial base and workforce. The latter is the case of the Atlantic Agreement, which has therefore the characteristics of technological neo-colonialism system where the side of the Atlantic has the technology and the European side is complementary to the rest. Therefore this structure of the single market is subjected to discriminatory requirements of Atlantic capital which is predominated in all its versions. It has the most developed STP, has the largest concentration, based on the side of the Atlantic in the US, a consolidated federation and a strong state-companion, Canada, which will ought to follow. On the other hand, the EU is still fluid[26] as to political union (permanently suspended) and the corresponding representation, leading the EU in one way to pursue its European integration through the requirements and prospects, which are consistent with the Euroatlantic Union. The US superiority towards the European capital is evident from the data in Chart 1, where the FDI as a percentage of GDP and the corresponding trend for the last twenty years are indicated. More detailed the elements of the change of FDI in EU countries show the mobility of capital placed in economically weak countries and transfer the profits outside these countries.

Chart 1: %FDI in USA – EU – EMU



Source: World Bank, (year base 1994)

Characteristic is the fact that while in many countries the change of FDI reached an increase compared with 1994 as year base, 13,164.39% in 2007 in Bulgaria, at 10,349.84% in 2014 in Ireland, at 2,143, 67%, in the EU, at 2007 and 2,480.56% at the euro area (EMU) in 2007, GDP growth from 1994 to 2014 was 584.87% respectively Bulgaria, Ireland 438.78%, EU 223.14% and 205.80% in the EMU. Similarly in the US, the largest percentage increase in FDI was 737.19% in 2007, while the largest

[26] Velo, D., 2014, *"The EuroAtlantic Union Review"*, Vol. 1 No 0/2014, Editions Cacucci Editore S.a.s., Bari 2014, p 9

percentage increase in GDP in 2014 was recorded in the US compared with 1994, the rate of 610.93% and was the third in a series of all countries in table 1, after Romania 661.84% and 614.35% Lithuania

Table 1. FDI % OF GDP / AND % CHANGE – COUNTRIES OF TPP

Country Name	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Australia FDI*	6,01	4,09	5,21	4,28	3,10	3,08	4,72	3,75	3,49	3,19
	100,00	68,05	86,67	71,25	51,50	51,29	78,47	62,35	58,03	52,99
Brunei Darussalam FDI	1,84	0,77	2,10	1,54	3,03	3,89	4,14	5,07	4,81	3,32
	100,00	41,69	114,53	84,04	165,17	211,57	225,44	275,88	262,12	180,76
Canada FDI	2,22	4,60	8,23	4,03	1,74	1,77	2,24	2,14	3,85	3,20
	100,00	206,75	369,78	181,12	78,05	79,63	100,84	96,37	172,93	143,92
Chile FDI	5,61	4,72	7,24	8,43	7,49	7,23	9,35	10,73	6,96	8,53
	100,00	84,05	128,99	150,24	133,50	128,77	166,49	191,12	124,03	151,87
Japan FDI	0,12	-0,06	0,50	0,51	0,24	0,14	-0,01	0,01	0,15	0,20
	100,00	-46,07	415,80	425,24	203,34	113,39	-12,06	7,69	126,17	165,06
Mexico FDI	2,87	2,17	3,10	2,61	1,99	2,49	1,99	1,65	3,57	1,87
	100,00	75,45	107,97	91,11	69,26	86,85	69,52	57,34	124,26	65,01
Malaysia FDI	2,73	4,73	4,69	3,28	0,06	4,27	5,07	2,83	3,49	3,14
	100,00	172,88	171,41	119,98	2,07	156,11	185,58	103,46	127,76	114,75
New Zealand FDI	1,66	2,61	3,17	1,96	-0,04	0,93	0,82	2,14	-0,27	2,23
	100,00	157,73	191,29	118,56	-2,62	56,20	49,74	129,14	-16,36	134,42
Peru FDI	3,44	3,95	5,37	5,70	5,31	5,69	4,49	6,19	4,61	3,89
	100,00	114,67	156,20	165,52	154,22	165,45	130,61	179,77	133,88	113,11
Singapore FDI	14,20	24,98	26,52	6,35	12,38	23,30	17,43	19,54	21,44	21,93
	100,00	175,96	186,80	44,71	87,20	164,08	122,78	137,64	150,99	154,48
United States FDI	1,06	2,12	2,35	2,26	1,07	1,73	1,66	1,44	1,71	0,76
	100,00	201,05	222,34	213,99	100,96	164,05	157,02	135,87	162,11	71,64
Vietnam FDI	3,39	3,62	8,65	9,66	7,17	6,90	5,48	5,37	5,20	4,94
	100,00	106,65	255,27	285,01	211,44	203,53	161,69	158,40	153,31	145,73

Source of data World Bank

(* For Australia as a base year has been taken 2004, in order to smooth the results, since in 2005 FDI in Australia had negative value.)

Table 2. % GDP CHANGE EU COUNTRIES – USA – CANADA

Country Name	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Austria	3.840,53	495,96	3.254,56	298,16	675,30	-1.039,68	1.085,45	246,61	21,32	387,52
Belgium	186,30	325,36	534,21	1.053,85	478,57	616,63	874,02	36,96	-198,09	-111,15
Bulgaria	3.888,16	7.471,04	13.164,39	9.769,18	3.697,03	1.178,28	1.992,19	1.696,38	1.887,13	1.870,17
Belarus	2.920,00	3.400,95	17.212,38	20.837,14	17.871,43	13.270,48	38.118,10	13.939,05	21.391,43	17.733,33
Canada	314,95	733,17	1.458,46	755,89	289,46	347,73	488,00	477,85	860,35	695,16
Cyprus	1.545,71	2.490,74	3.053,52	1.350,44	2.900,49	94,00	2.765,21	1.640,26	5.008,91	1.145,52
Czech Republic	1.321,06	628,74	1.207,66	1.003,77	600,25	1.157,76	476,95	1.074,11	837,77	554,61
Germany	821,02	1.199,39	697,42	424,21	777,31	1.180,37	1.337,12	749,75	809,49	115,08
Denmark	256,37	48,34	235,90	43,77	78,27	-235,04	270,78	55,01	-17,22	-13,53
Euro area	1.211,29	1.568,26	2.480,56	1.316,68	788,10	1.000,60	1.574,10	1.078,11	1.055,43	461,82
Spain	331,29	357,97	800,51	863,28	146,26	445,11	344,87	270,35	489,37	371,46
Estonia*	1.458,45	1.031,67	1.599,17	873,61	870,02	1.209,18	521,65	833,87	407,42	732,71
European Union	1.223,44	1.412,83	2.143,67	1.417,52	586,93	744,89	1.140,85	816,96	747,51	414,85
Finland	727,11	309,65	1.469,82	1.297,21	-590,10	817,40	-401,68	330,09	-333,12	990,29
France	539,21	499,75	530,36	430,45	116,35	246,25	279,75	262,68	212,39	50,37
United Kingdom	2.355,72	1.898,69	1.953,50	2.363,19	135,64	622,23	251,86	435,90	326,48	423,83
Greece	70,33	551,40	199,56	584,45	281,61	54,40	111,32	169,55	300,25	171,52
Croatia*	1.567,90	2.882,74	3.991,04	4.533,21	2.795,17	1.244,41	1.236,38	1.270,29	810,78	3.440,13
Hungary	743,42	1.632,64	6.173,61	6.556,60	-259,35	-1.829,72	918,31	928,16	-336,22	1.083,80
Ireland	5.609,79	2.633,93	7.150,07	2.774,40	6.433,67	4.504,64	2.822,87	4.886,11	5.959,50	10.349,84
Italy	892,92	1.773,71	1.820,81	-431,99	753,66	451,87	1.566,20	1,58	888,08	624,18
Lithuania*	2.702,07	6.603,05	7.326,29	6.093,40	57,46	2.764,16	4.912,91	1.838,83	2.262,56	1.121,04
Luxembourg	114,45	793,89	-731,30	173,09	673,00	950,79	240,20	1.962,44	572,84	174,62
Latvia*	377,89	795,04	1.265,42	668,07	-15,10	203,07	699,68	502,98	461,41	409,51
Malta	456,98	1.174,19	552,99	9.781,21	952,01	6.095,70	5.171,64	2.169,42	259,66	-8,47
Netherlands	2.946,48	5.263,95	10.299,71	2.738,96	1.346,12	1.623,93	4.656,39	3.364,27	4.345,93	676,69
Poland	588,85	1.145,23	1.334,99	777,28	748,00	981,07	985,87	392,43	42,40	921,33
Portugal	348,73	1.039,49	474,61	615,99	439,38	665,96	773,22	1.821,81	856,31	977,39

Romania	2.013,61	3.358,01	3.017,60	4.061,29	1.444,57	939,59	749,85	770,97	1.130,45	1.133,20
Serbia*	3.276,78	7.938,10	7.068,70	6.480,24	4.679,86	2.705,66	7.877,15	2.039,00	3.291,06	3.194,90
Slovak Republic	1.110,99	1.508,72	1.441,55	1.510,32	594,80	784,62	1.355,54	565,90	371,95	31,52
Slovenia*	830,45	591,61	1.612,43	924,79	-296,21	272,93	748,97	28,70	88,95	881,17
Sweden	323,87	361,57	708,44	661,86	145,02	36,49	127,46	69,41	6,74	-40,43
Turkey	1.649,84	3.319,90	3.626,15	3.264,97	1.412,01	1.496,55	2.660,53	2.184,54	2.048,85	2.099,51
United States	299,86	637,95	737,19	721,30	333,38	562,20	558,01	502,93	622,51	285,78

Source: World Bank, (year base 1994) (* year base 1995)

It is clearly contradicted the rhetoric of business benefit from the possibility of investing in other countries of the agreements members, because it is quite clear that there are two agreements both have a common pillar that of Atlanticism, namely USA, Canada and Mexico if they finally participate in Euroatlantic union. Agreement, namely in the benefit of the Atlantic capital under the governance of which are those countries. Emerges at this point the problematic, if the union of markets can become possible, because the STP has reached the level where production makes it imperative and raises purposes which only under such an association may be held. The production is not an independent variable of a system but dependent and may not take place alone in the sense that it is always dependent on the economy; it is compatible with the historical development of the class and historical perspective. In this case the association is implemented in state of power, incompatible with historical legitimacy, which is stimulated[27] by the three main factors of historical development, internationalization, federation and the development of national relations and the rapprochement of nations. Only such a process of convergence of states leads to market integration, while the opposite approach leads to the historical phenomenon of discontinuity of national economies making mean of production factor of force and enforcement in shaping social relations and organizing labor. On the same interpretation the arbitrary character brought to the side of the state is resulting, which means state investment activity is reduced to zero and subordination of labor power in supranational capital within its responsibility will fall and employment relations. The states' budgets and especially the investments' budget also pass under the authority of supranational capital and the respective priorities, often opposing to the national interests. And the theory states that the integration is beneficial and has mutual benefits for countries progressing towards, with the restriction, however, two conditions are met, namely that the time of completion of these countries they have the same political status and roughly the same level of economic development. While in the opposite case, when one or both of these conditions are violated, then capitalism powerful partner becomes subject and the weaker object of exploitation. The monopolistic globalization, as market reformation, generates terrorism, as its dialectical counterpart and combat the latter, without the elimination of the first, is an effort to square the circle, as many crusades-wars are made.

[27] Ntouskos, P, 1997, "*The Consolidation of the economies in Country Members of European Union" "Η Σύγκλιση των Οικονομιών στις Χώρες Μέλη της Ευρωπαϊκής Ένωσης", (Greek Edition),* 1st Edition Gutenberg, Athens, p 50

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Second Cold War and Universal Economic Cooperation

Kypriotelis Efstratios
Department of Accounting and Finance, TEI of Epirus, Greece, e-mail: kypriot@teiep.gr

Abstract

From all the political struggles, war and peace appear to be the most typical of the dialectic between friend and enemy[28]. The essence of the conflict is in active rival subjects, in order to impose their will. In order the above objective to be achieved, the use of force is necessary, which takes gradations and manifested in various forms. The gradations of violence escalate to physical violence and any escalation's limitations resulted from the recommendations of mutual relations between states. The difference of the Cold War regarding its analysis and its implications, its form and content, is that the actual outbreak of violence took place at the level which was dependent on the will and the knowledge of governments, subject to regulatory positions, which involves the subjective factor and the theoretical determination of the political character of the war. The recovery in western economies after WWII along with the confidence of the prevalence of the capitalist system in a globalized economy, were leaving an abeyance; pending the collapse of the opponent economic system, socialism. The priority of the economy depends on the political process, which means that political economy must be expressed in subjective political ends. The implementation of the objectives of the predominance of a single system of values, expressed globally, involving forces could be extended everywhere. The interaction is inevitable and consequences and effects influence in one way or another global politico-economic process. The two main subjects of global governance at the beginning of the Cold War moved globally, timely and practically with reference field the economy, namely the economic interest. Particularly it was applied by the US side, having a deep knowledge of how the capital, to be effective and that, through this efficiency, engaged in global governance, having the most advanced Scientific-Technical Progress, the most developed forms of management of the economy and most forward thinking. They had as well, and the corresponding methodology, global in size and suitable for the respective era, objectively progressive elements, which are task and wording, non-amenable to disputation, for all humanity and for the two systems, capitalism and socialism. The Cold War has taken the form of confrontation in geopolitical, military and economic level. The main point of controversy was, in terms of its form, the creation of a bipolar relationship in complex structure, in the management of world affairs. Today we have two systems that of capitalism and socialism. Socialism is by nature international and global system. Capitalism acts contradictory. Integrates the global economy and simultaneously divides it in the name of monopolistic company. The new phenomenon of the era is the relationship East – West, relationship Capitalism and Socialism, a relationship that is both cooperation and confrontation relationship. This cooperation-confrontation relationship is based in commodity production.

KEYWORDS

Cooperation, value, governance, capitalism, socialism, geostrategy

JEL CLASSIFICATION CODES

F02, F50, P00

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[28] Klausewitz, K. V., *"Περί Πολέμου"*, *"On War"*, trans Xepoulia, N., Editions Kanias, 1999, p 11

1. USA – Russia Relationship and the theory of Value

The second industrial revolution has enabled the ejection of mass production and put the European countries on a struggle to bridge the gap, which began to be created between them and the US. In this perspective are better understood the political actions and economic adjustments which in one side were endogenous, so clearly European, and at the other ought to adjust in the prospect of a leading power, exerted levelling influence to the aspirations of European states. Participation of larger or smaller forces in a global confrontation does not mean universal acceptance of the rules by all or the involvement of all in global affairs, forced, however, and the subjects and objects of global governance to participate forming more or less historical development[29]. The interaction is inevitable and the consequences and results affect in one way or another global politico-economic process. The two main subjects of global governance initiated globally, timely and practically with reference field the economy, namely the economical interest. Particularly it was applied by the US side, having a deep knowledge of how the true capital, to be effective and that, through this efficiency, engage in global governance, having the most advanced Scientific Technical Progress(STP), the most developed forms of management and the most forward thinking. They had also and the corresponding methodology, global in size and suitable for the respective era, objectively progressive elements, which are task and wording indisputable for all humanity and for the two systems, capitalism and socialism. Today there are two systems, capitalism and socialism. Socialism is by nature international. Capitalism acts contradictory. Unifies the global economy and simultaneously divides it in the name of monopolistic company. The new phenomenon of the era is the relationship East - West relationship of capitalism and socialism, a relationship that is at simultaneously cooperation and confrontation relationship. This cooperation and confrontational relationship based on commodity production, which was first introduced by Aristotle, who did not find the solution. Ricardo resolved it incompletely, Marx completed the solution and Lenin did practice with the New Economic Policy. Version of NEP is the international policy of the Russian Federation and the policy of the People's Republic of China, expressed rhetorically as one state two economic systems. The challenge to humanity is to define the management forms of the global economy. In this area primarily are changing the relations of production (mixed economy) with major projects between the US, the Russian Federation and China, which reshape the global economy. The modern era is characterized by confrontation and cooperation with confrontation to decline due to the nuclear dimension of time and remains as a development institution, the management of peaceful coexistence as a categorical imperative. The real globalization is based on the principles of respect for people's sovereignty and mutual interest, consequence of which is the cooperation and friendship, as a model of economic, cultural and social development. The need for cooperation is stronger after crisis' periods, so brood of crises was among others the League of Nations, the United Nations, the Helsinki Final Act, the G20 and others, giving new quality to historical progress. From this situation and from whatever determines it, the dialectical unity war and peace is resulting. Urban civilization has brought a new innovation, introducing along with physical violence and economic and as war[30] is an act of violence, and there is no limit in the event of such violence, so the entity may reach to the ends, so that one side to be able to impose its law to the opponent. Such a relationship was developed between the two modern socioeconomic systems, which enrolled commensurate, industrial production, scientific-technical progress, which led to four revolutions of the Modern Era (ME).

[29] Kondylis P., 1992, *"Planetarische Politik Nach Dem Kalten Krieg"*, "Planetary Policy After Cold War", "Πλανητική Πολιτική Μετά τον Ψυχρό Πόλεμο", trans. Kondylis P., editions Themelio, Athens

[30] Klausewitz, Von K., 1999, *"On War", "Peri Polemou",* trans Xepoulia N., Editions Vanias, Thessalonica p 34

2. Geostrategic line of confrontation

Modern Era brought the nuclear age and the dialectical relationship between the two systems becomes dramatic, reaching in many cases the historical limits of civilization. This relationship has as main movement line the geostrategic, the correlation of forces and reduced to the global governance system. It stems from the bipolar scheme with the US and Russia the two poles, with corresponding gradations political, military and economic. The realism of the West maintained and is manifested on the base of military-strategic balance, on institutions and conditions and that is contributing factor leading to the US-Russia relationship, realistic and necessary. Manifestation of this relationship is NATO-Russia cooperation, without lacking the strategy of the Cold War and the doctrine of the first stroke, which restored and Russia, eliminating the commitment of the Soviet Union. The dialectic of contradiction between the two poles, contributed positively and negatively to economic growth, having also and the corresponding impact on the economies of the two countries and on the global economy. The contradiction, which started cored in the space, brought the Space Revolution and humanity entered in the space age, the end of WWII brought the revolution based on Peace and conflict in war industry brought the Digital Revolution. There are two perspectives which are manifested in practice from periods to periods depending on the degree and the level at which there are the relations between the East - West in the world affairs. External conflicts were reflections of seeking internal relations reinforcement in both subjects, determining the methods followed by each subject. The reasons generating the pursuing of power in foreign policy are independent from this pursuit itself, articulating in forms responded to the socioeconomic character of each political subject, namely the ruling class internally[31]. The bases of the creation of a global space where uniform subspaces turned into spheres of influence, after colonialism, rooted in early colonialism. The network of these relationships thickened during the era of imperialism and created institutions which were based on western perspectives[32] on religion, science, trade, governance and diplomacy, which were formed from the western historical experience and imposed, considering that they constituting the pinnacle of human achievement. That was the field in which unfolded liberal capitalism, which is driven by the industrial revolution and the institutional formation of the bourgeois state, carried the same internal constitution into external relationship between sovereign and colonial states in the imperialist structure. The opposite side, Russia lacking the density of relations and consequently the objective conditions required by the impending post-WWII controversy, forced to adopt the law of the opponent, offsetting the limits, which could take the controversy. The Soviet pressure against the West was real and inevitable, but could be limited by the skilful and vigilant application of a rival power in a series of ever-changing geographical and political points[33]. Objectively the osmosis of the individual forces to create two poles as it had established the era of imperialism and took the form of confrontation between the two great powers after the war, was moving progressively towards the creation of a global entity, a global market which could reallocate resources and labor power, regardless of the outcome of the confrontation. This positioning may seems paradoxical in the beginning of the CW, when the end of WWII found Europe divided and has since then remains divided by this aspect. The division of Germany was the prologue and not the result of war. The discovery of the atomic bomb placed the US on top of the power rankings and gave them a sense of superiority and the right to claim the monopolization in global governance. The dissolution of the Anti-Hitler Alliance was followed by the cancellation of post-war agreements and the so-called "diplomacy of the atomic bomb" or "atomic diplomacy". According to Ch. Kissinger, [...] In the negotiations on the implementation of agreed the Western allies and the Soviet Union were faced with a growing impasse. The Soviet Union insisted to form a new international social and political structure in Eastern Europe, based on the principle that

[31] Kondylis, P., 1992 *“Planetarische Politic Nach Dem Kalten Krieg”, “Planetary Policy After Cold War”, “Planitiki Politiki Meta ton Psihro Polemo”,* trans Kondylis P., editions Themelio, Athens, p 16
[32] Kissinger, H, 2014, ***World Order*,** trans. D. Gianaroudi, Editions Livani A.A., Athens, p 248
[33] Kissinger, H, 2014, ***World Order*,** trans. D. Gianaroudi, Editions Livani A.A., Athens, p 399

Stalin had described in 1945: "Whoever occupies an area imposes his own social system. Everyone imposes his own system up there where its army reaches. It can not be otherwise. " [...] From that point on the two opposing sides tried to force each other to wrap bloodless, without addressing the source of the underlying crisis [...][34]. On 09 08 1945 dropped the second atomic bomb on Nagasaki and President Ch. Truman declares the same day that "the Eastern European countries will not be any potential sphere of influence." The dominant position in the years up to World War I, based on the position of offensive realism, that the great powers have offensive power, to be able to make war and this readiness supported external security. The power position received its institutional expression with the Ministries of War, renamed in Defence Ministries which had the justification to the withdrawal of offensive doctrine by the weakened, from the war, nation-states. The Westphalian balance, which was based on the existence of equivalent states could not be maintained since the equivalence had changed in clusters under a sovereign state power, preventing the enforcement of the opponent force, with nuclear arsenal as an offensive or preventing weapon. In the CW seemed that the sovereign state challenged by both camps, because both waging their struggle in the name of universally and internationalist principles, namely liberal or proletarian, against which the individual should have indicate more loyalty than to the state of origin[35]. The US determination on this specific issue is ascertained in the creation of subspaces of influence, which secured a permanent presence with the creation of an installation, the respective colonial system of trade delegations, which in this case took the form of the creation of military bases. In a world of geopolitical correlations the class, which presented as global, needed and the corresponding ideological documentation, which was given by the Truman Doctrine, taking over its institutional status in the Marshall Plan. These two were and the key factors of US strategy during the CW, which evolved in geostrategy, constituting the Truman doctrine the geopolitical component and the Marshall Plan the geoeconomic. The international order was confronted with the existence of two trends that undermined its cohesion, also undermined the independence of countries welcomed the Truman Doctrine line together and democracy in these countries. The possibility of such a clustering based on dynamics of a coalition of states, in the form of an alliance system where a single force can be sponsored having the ability for global action, stemming nevertheless, from internal ideological homogeneity and corresponding dynamics. The formal inception of the CW, which actually began before the end of WWII, was the speech of Winston Churchill at Westminster College in Fulton Missouri, on March 5, 1946[36], using the neologism "iron curtain”. The originality of the use of the neologism "iron curtain" of course is not belongs to the Churchill but had its roots in immediately after the First World War era, as a political metaphor, from the German theatrical scenes, which have been protected by a curtain, in case of fire. This transfer has its political significance with the use of German ministers, propaganda Goebbels and economic Lutz Graf Schwerin von Krosigk[37], writing that: “if the German people lay down their weapons, the Soviets, according to the agreement between Roosevelt, Churchill, and Stalin, would occupy all of East and Southeast Europe, along with the greater part of the Reich. An iron curtain would fall over this enormous territory, controlled by the Soviet Union, behind which nations would be slaughtered.

[34] Kissinger, H, 2014, *World Order***,** trans. D. Gianaroudi, Editions Livani A.A., Athens, p 393

[35] Kondylis, P., 1992 *“Planetarische Politic Nach Dem Kalten Krieg”, “Planetary Policy After Cold War”, “Planitiki Politiki Meta ton Psihro Polemo”,* trans Kondylis P., editions Themelio, Athens, p 41

[36] “From Stettin in the Baltic to Trieste in the Adriatic an “*iron curtain”* has descended across the Continent. Behind that line lie all the capitals of the ancient states of Central and Eastern Europe. Warsaw, Berlin, Prague, Vienna, Budapest, Belgrade, Bucharest and Sofia, all these famous cities and the populations around them lie in what I must call the Soviet sphere, and all are subject in one form or another, not only to Soviet influence but to a very high and, in some cases, increasing measure of control from Moscow. Athens alone -- Greece with its immortal glories -- is free to decide its future at an election under British, American and French observation.” Winston Churchill's *Iron Curtain Speech, at Westminster College in Fulton, Missouri on March 5, 1946.* [Online] Available at: http://www.historyguide.org/europe/churchill.html Last Accessed Feb 2016

[37] [Online] Available at: http://www.encyclopedia.com/topic/Iron_curtain.aspx Last Accessed Feb 2016

The Jewish press in London and New York would probably still be applauding." [38] The Truman Doctrine and the Marshall Plan was the (institutional) formal documentation of the above, the establishment of a single space for the collapse of the opponent. For such clustering, the appropriate mechanisms naturally are needed to handle the project. In principle needs (political mechanism) political tool within the political class, grounded in principles that created not afterwards, but during the previous period, through diversity, perceiving the world order any counterforce power. The fragmented post-WWII Europe had however its own internal coherence, expressed in the single conception of world order, with economical implications the accumulation of capital and the future participation in the distribution of the markets. This perception was reflected in the sense that it could even reverse the rival (in the war) forces, each taking a position corresponding to world affairs, expressed in its relative value. The strangeness which mentioned above takes here its nominal value in the expression of the unity of the common vision with the creation of the corresponding common political organization, NATO, as a product of the North Atlantic Treaty (North-Atlantic Treaty). Encouraging European political integration is one of the purposes[39], for which it was created, the North Atlantic Alliance, with the barrier to Soviet expansion and addressing the revival of nationalistic militarism in Europe through strong presence of North America, to be the other two. From a theoretical point of view the answer is documented in the need of reconstruction of fragmented Europe, under a coherent framework of political and financial protection in order the mistakes of the Versailles Treaty to be avoided[40]. The extension of political aspect in the economy aimed to prevent instability and crises that could become permanent, leading to repetition of the same phenomena that followed the First World War, with the disastrous consequences of the crisis of 1929. The IMF and the World Bank were created as stabilization mechanism of the economy and control over the international monetary system, aiming to ensuring the stability of the exchange rate and removing restrictions that prevent free trade. Going to the first level of scientific abstraction will look at the content of the events in the economic and geostrategic level. The US determination to these issues has the objective logic and causation, fully justified in pursuing a sustainable coherence, after being dissolved, regional powers with hegemonic ambitions. The Truman Doctrine and the Marshall Plan have defined the separation between two opposite poles in global governance, setting and power goals in each geopolitical region. Europe having its own coherence and organization had the mechanisms that served the structuring of capital between developed and developing countries. Europe was socially and economically regulated in such a way as to ensure maximum capital accumulation[41]. The previous report of Lord Keynes, is connected with Europe before the two world wars, however has application throughout the subsequent period, which objectively supported the American pursuit of efficient clustering at regional level. The plan simultaneously, served the geopolitical priorities with the centralization of homogeneous and blockade of heterogeneous forces, splitting the geo-sphere into two parts and[42] almost every nation had to choose between two worlds. This expression as an extension of Goebbels logic, defines the West and the East, condenses Marxism-Leninism in the main line of the foreign policy of the Western countries and determines the development of capitalism as dependent

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[38] Markowitz Norman, *"The History You Aren't Supposed to Understand: "The Iron Curtain"*, August 29, 2007, [Online] Available at: http://politicalaffairs.net/the-history-you-aren-t-supposed-to-understand-the-iron-curtain/ Last Accessed Feb 2016

[39] *A short history of NATO*, [Online] Available at: http://www.nato.int/history/index.html Last Accessed Feb 2016

[40] Keynes M., J., 2009,*"The Economic Consequences of the Peace",* Editions Papazisi, Athens

[41] Keynes M., J., 2009,*"The Economic Consequences of the Peace",* Editions Papazisi, Athens, p 11

[42] […] "nearly every nation must choose between two worlds" […], Whitcomb, S, Roger,1998, "*The Cold War in Retrospect: The Formative Years (Beta Phi Mu Monograph Series; 5),* First Edition Praeger, p 85

movement from the development of Bolshevism. This is expressed by various events, such as "space race"[43],, "arms race"[44], "technology race"[45], etc.

2.1. Geopolitical approach

At the level of geopolitics, it was served by the Marshall Plan with the exclusion of countries from the European Reconstruction Programme (ERP), if leftist governments be elected. The short-term objective of the ERP program was the exclusion of Communist parties from the governments of western-European countries, while the long-term was geo-economic extension, the long-term reconstruction of Europe as a complementary base for the US, which manifested[46] fully and was perceived in the late 20th century. Initially it became apparent with the de-industrialization of Germany, South-East Europe and the corresponding Russian. The content of the above geopolitics is manifested by the bomb diplomacy[47], to global domination. On the side of the West, since Keynesianism was used to consolidate the big arms monopolies, originally controlled by the state, then confined along with the role of the state and the corresponding reformations. The Keynesianism having provided the foundations for the transition of the system from liberalism to state intervention, in the adaptation line to the evolution of the rival economic system, as mentioned above, was waived, when the only power that came out economically stronger from the war felt that it had the power to do it. It was necessary, a new economic theory to be found in order to replace the "outdated" Keynesianism in the line of urban intelligentsia that theories must serve the interests of the urban class, and it was found in neoclassical synthesis and the neoliberalism-monetarism[48]. The Keynesianism as reformist current has major political exponent social democracy, contradicting both the purpose of capitalism's monopolization and domination in world affairs as economic system and the US as the strongest economy, featuring the potential of global governance. The corresponding neoclassical school of thought, the variant of neoclassicism, serves the line of deconstruction of socialism, violently even with recourse to war, unlike Keynesianism that is based on universal-theory framework of the convergence of the two socio-economic systems, Trisection of the world disregarded among others, UN, Third World. The interest of the capitalist and the worker is the same say the economists of the capital. […] The worker is destroyed if not employed [...] the capital is destroyed if it does not exploit labor power. [...] Therefore the more prosperous the industry, profits [...] the more workers are needed, so how expensive they sell their labor power [...] necessary condition for a tolerable worker's life is the most rapid increase in production, increase the power of accumulated capital on the living labor, increase of the bourgeoisie to dominate the labor [...] The so-called shared interest means that capital and wage labor are two sides of the same relationship, the one implies the other, like the usurer with spendthrift [...] .the community of interest means that as long as the worker

[43] *U.S. Cooperation in Human Space Flight Assessing the Impacts*, February 2001, [online] Available at: http://www.nasa.gov/externalflash/iss-lessons-learned/docs/partners_us_russia.pdf

[44] "*Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Limitations of Strategic Offensive Arms*", http://www.state.gov/www/global/arms/treaties/salt2-1.html

[45] Whitcomb, S, Roger, 1998, "The Cold War in Retrospect: The Formative Years (Beta Phi Mu Monograph Series; 5), First Edition Praeger

[46] Nα *"TPP agreement"*, Office of the United States Trade Representative, https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-full-text and Velo, D., 2014, *"The EuroAtlantic Union Review"*, Vol. 1 No 0/2014, Editions Cacucci Editore S.a.s., Bari 2014

[47] USSR Academy of Sciences - Institute of General History 1975 The US foreign policy, Contemporary era, Athens 1975.

[48] Keynes M., J., 2009,*"The Economic Consequences of the Peace"*, Editions Papazisi, Athens

is a worker will depends on the capital [...] The needs and pleasures arising from society, so we count with society, not with the objects of their satisfaction, their nature is social and therefore simultaneously [...] Determination of working wage [...] The physical condition of the worker is improved at the expense of falling social status. [...] The working class as producing more wealth and golden chains by which the bourgeoisie drags behind her [...] increase productive capital increasing the division of labor, machine utilization, competition of workers decrease labor wage[49].

2.2. Geo-economical approach

In terms of geo-economic, establishing the dollar as reserve currency violates the objective inevitability of global coexistence, reduces the space and conditions for rising of capital surplus value, weakens the relationship capital equals wage labor and creates the conditions for the destruction of the coherence. The first sign of that fragile cohesion of the system occurred, in the events in France, known as the French May[50], the first event of disruption of the internal links of the system, the cohesion of which were based on a system whose basic premise is the assumption of limited demand or even waive the from the individual benefits of participating. The leading power, the United States in this case, should be able to direct the means available to achieve goals that are solely for its own benefit and to the benefit of all participants, namely to the benefit of coalition forces. The dialectic stemming from the relationship of forces within the system and the external confining pressure of system capabilities, it is obvious that it will reduce the relation between the capital, and labor force, reducing the employment either of capital or of labor power. The leading power will either rid of excess capital or surplus labor force, transferring the surplus to third parties and to transfer uses the monetary mechanism. The diplomacy of the dollar is an economic tool in the hands of leading power, institutionalized in such a way as not to constitute arbitrary consequence of global governance, which takes its legitimacy from the advantages and disadvantages of participating countries in the coalition system. If the benefit is not considered large enough or as there are many risks either the existing risks are evaluated incorrectly, then between the leading power and the other great powers, necessarily frictions and conflicts will be emerged[51]. The external pressure in the western system increases from the internationalist nature of socialism, with the reduction of surplus value by reducing the corresponding capitalist. The IMF and the World Bank were the main tools for implementing this geo-economic line and fully exploited as economic active agents, the loans, increasing the debt of the countries, even of Russia[52]. At the next level of abstraction occurs and the essence of the CW, based on an inherently logical rules, a multitude of independent states be made dependent on a coalition, which will rally around the stronger economic power. In the essence Europe was the financial supplement of America and with Japan the tricentrism control of the economy should be established the "tricentrism". This case is perfectly consistent with the state of the laws of capitalism system, distribution and redistribution of markets at national, regional and global contexts. Strengthened antagonism of two opposite socio-economic systems based on the theory of inequality on economic growth[53]. In the same line strengthened antagonism of two opposite socio-economic systems, as ideology and common practice, spaces and subspaces are created, which are converted into spheres of influence and distribution of states in each system is completed. The continued US economic prosperity, enjoying after the war depended on the existence of an open global market, where the margins provided by rivalries and conflicts. On the basis of this principle, the system had to confront mostly to maintain internal cohesion, despite the external risk, which instead was the main and double bond, as a mean of economic development, the basis of economic

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[49] Marx, K., 1996, "The Kapital" trans Mavromati P, Editions Sygchroni Epochi, Athens, pp 95-99, 101

[50] Γαλλικός Μάης
[51] Kondylis, P., 1992 *"Planetarische Politic Nach Dem Kalten Krieg", "Planetary Policy After Cold War", "Planitiki Politiki Meta ton Psihro Polemo",* trans Kondylis P., editions Themelio, Athens, p 54
[52] Truman stating that "[...] We should insist to return our ships from Russia and forcing Russia into a debt adjustment pursuant to the leases and lending program. I'm tired fondle the Soviets [...]
[53] Keynes M., J., 2009,*"The Economic Consequences of the Peace",* Editions Papazisi, Athens, pp 12-15

competition, which offered the extent of competition, and as a retainer of endogenous forces, which tend to be centrifugal. If the friction inside the coalition manifested on the main issues of the wider controversy of “bomb diplomacy” against the Soviet aggression, and the “dollar diplomacy”, then would collapse the entire construct of CW, not in favor of the opponent, but in favor of the remaining forces of the Western coalition and against the leading power, the USA. The frictions are manifested in practice[54], from the diversity of France, which took care of its own defence line, and its response to the arrangements of the Brenton Woods. At the political level of abstraction, the creation of NATO, was the response to the proposal of Churchill for the creation of the United States of Europe (USE), since there could not fit two political organizations, NATO and the USE or NATO and EU with political integration, at the same place, the European. These are disputes of US geostrategy, at regional continental and global level, disputing as well the US domination at the level of global integration. Churchill’s position was absolutely progressive in the transitional period after the Second World War, was the stage that humanity ought to pass before global integration, because accordingly the required institution should be created, placing the principle of equality of participants in global affairs. The essence of this complex situation highlights the difficulty of reconciling the geostrategic aims in order to eliminate socialism, maintaining internal unity of a system shaken by internal contradictions and held by external factors. The US geostrategy succeeded the decade of 1980, eliminating the opponent existing communism in order to retreat the first decade of the new millennium marking the beginning of the second Cold War. This fact means that socialism resists and the urban apology in front of the weakness to analyze it scientifically, recourse in sophistication and exaggerations, familiar road of bourgeois thought, loosing any hope for a common course with science. Leaves at the sidelined the real situation, its own primarily crisis, resorting to contrived interpretations, into obsessions that are repeated become stereotypes impregnated with unrealistic optimism, which affect and trivializes science, human thought in general. With the reminder here, once again that should not be forgotten a certain objective basis existing in these interpretations, component of which is the change of the correlation of forces in 1989 to the benefit of that geostrategic. The justification that the Cold War was not a product of Marxism-Leninism policy is standing in the continuation of the Cold War to date.

3. Cooperation capitalism – socialism and Second Cold War

On the basis of the competition and the corresponding economic management of the economy mechanism, is free market competition, which leads to economic progress whether it comes from the territory of capitalism or from the territory of socialism. A look back at the history of space exploration clearly shows that most significant and technological progress was achieved at the time when it was not connected with the solution of strictly national. Superpowers[55] used space technologies to demonstrate their scientific and technological strength. This competition gave a powerful incentive to the development of space industries in Russia and the United States. International cooperation in space nowadays is impossible. It was the competition given the strong incentive for the development of space industry, so is clear that the problem solving is a national issue and not an international, even in such a size. Cooperation after the end of Cold War in the space program between the US and Russia reached a loss due to delays $ 5 billion[56], and cooperation is very complicated task. On the ground of capitalism this is clear and understandable, given the existence of the market mechanism in the regulation of the economy, while in the territory of socialism dates back to the beginning of NEP and to the competition between the two socio-economic systems. The contact point of the two is that part of the change, carrying out by capitalism, which does not automatically performed by the market mechanism but consciously referred to the underlying political and administrative mechanisms. The Scientific and technological progress achieved not only because of the confrontation in the space sector, but also in other areas and in military competition resulted in the

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[54] Protest mount in France, [Online] Available at: http://www.history.com/this-day-in-history/protests-mount-in-france Last Accessed May 2016

[55] Pravda.ru, 2010, “*International Cooperation in Space Is Impossible”*, media release 20.05.2010, [Online] Available at: http://www.pravdareport.com/science/tech/20-05-2010/113443-space_cooperation-0/# Last Accessed March 2016

[56] ibid

development in these areas[57]. This literature features serious basis and practical expression, as to the results of that competition. In the present analysis should be taken into account the historical data prior to the end of 1980 which form the connection of the past and the future searches as foundational axioms and in correspondence with the external conditions in world affairs. Top issues of this kind were the ascent of the state institution prestige under the State Monopoly Capitalism after the crisis of 1929. In the mid-1970s, ascertained the limits of the SMC, with the two main currents of the economy, the Keynesian and neoclassical economics, unable to solve the crises that broke out the above period. The prestige of the state is reduced and the prestige of international is ascending, perception, which brought new quality and perspectives in the global economy. Precise wording of the relationship expressed by the general law of the dialectical unity of the necessary correlation between the relations of production and the productive forces, which is a measure of the quality of the actual cooperation of the productive forces and the massive social participation. Developments transferred from national to international and global and any socio-economic progress is no longer based on the capacities of nation-states, but on the global economy abilities through the cooperation of the states. The cooperation is more optimistic, concerning the future prognosis. In 2009 USA and Russia recognising the common interest, decided to proceed beyond the mentalities of Cold War in cooperation aiming to contribute in the future common course and the common prosperity, signing[58] the bilateral cooperation agreement. On the basis of this relationship, lie also the law of dialectical unity and the necessary correspondence of production relations to productive forces. The globalization of productive forces presupposes and the way of global governance, which is not attainable in their division inside the narrow limits of correlation and development capacities. The ongoing cooperation on this basis, interpreted on the basis of this law, which constitutes a quality measure, methodological, theoretical and utilization of new scientific-technical knowledge acquired. The pioneering lies here in part of capitalism, which historically precedes socialism, constituting rationality act, it is regulator of the relations of production and productive forces law and having the necessary forces integrated it into its own governance. Their dialectic linking between both sides carried out on economical base, in the relations of production and the resulting changes in the sphere of management, with necessary element the planning and instrument the budgeting. It is milestone in the contact of the two systems with new quality relations namely socialistic in character. Cooperation capitalism-socialism occurs mainly between the US on the side of capitalism and Russia as the USSR's successor and China from the perspective of socialism. This cooperation extends from large programs to every area of social cooperation[59]. The introduction of economic management methods is innovation of capitalism, namely free competition which was radical practice for its time. The achievement of sustainable development, finds obstacles in the inherent system crises and so the recourse to state intervention is necessary for the reorganization of system disturbances. Recourse to Keynesianism renders the accepted form of intervention in the economy, to the limits where the SMC is not prejudiced, recourse which becomes impracticable in the globalized economy. In this way it is created a point of contact with the superior management format, programming, which is one of the contact points of the two socioeconomic systems. This contact between the two systems if projected in to the future, then it shows the dynamic of the motion of the two systems in the current transitional period. This dynamic is expressed with the cooperation and confrontation, the recourse of capitalism to programming when lacking its own reserves and the socialism to capitalism and the free market competition on the road to globalization. This practice expresses Russia today with the Transnational Companies under the State Control and

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[57] *U.S. Cooperation in Human Space Flight Assessing the Impacts*, February 2001, [online] Available at: http://www.nasa.gov/externalflash/iss-lessons-learned/docs/partners_us_russia.pdf

[58] U.S. Department of State, 2009, *U.S.-Russian Bilateral Presidential Commission: Mission Statement,* [Online] Available at: http://www.state.gov/p/eur/ci/rs/usrussiabilat/c38418.htm Last Accessed March 2016

[59] U.S. Department of State, [Online] Available at: http://www.state.gov/p/eur/ci/rs/usrussiabilat/index.htm Last accessed, July 2016

China makes it act in the recourse to the free market and the control of the party. The collaboration extends outside of the two countries and in other combinations[60] of Eastern and Western countries, such as between Russia and the EU, China and the EU and US, Russia and China, etc., showing the optimism that exists in development cooperation despite the development with controversy. The economy of energy and raw material, producing countries and consumer countries, have much more to gain from working together, based on the planned allocation of roles and the corresponding distribution of the results. In 2002 the Working Group on Energy between the US - Russia (U.S. Russia Energy Working Group) [61] was created, in order to focus on the positive outlook on energy, but on the basis although of free competition importance, improving the efficiency of Europe's energy markets. Appeals to the vital importance of cooperation with free competition, as the management method, are based only on gains for maximizing profits and not about the effectiveness of cooperation. The typical scenario is based on the logic that capitalism is the dominant socio-economic system and that the interest of urban class is respectively and the national interest, which translated in the extraction of surplus value in every way and even through the cooperation. These phenomenon are historically growing by unequal exchanges until geostrategic application today in Ukraine and Syria. The utilization of the productive forces is hindered by the demands of global governance, when it manifested with the requirement of monopolization, especially when the reserves of correlation of productive forces growth with the abilities of global economy have been exhausted. In order for society to proceed without oppositions and limitations, relationships with realistic content, defining practically and the meaning of globalization are needed to be established.

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Studying the New Agriculture

Dimitar Terziev & Donka Radeva

University of National and World Economics, Economics of Natural Resources Department

Sofia, Bulgaria

Corresponding author, e.mail: donka.radeva@unwe.bg

Abstract

Studying agriculture is a real challenge. There is no one other sector so rich with structures, modes, practices, and dynamics. Permaculture, Biodynamics, Regenerative, Urban Agriculture, and etc. are just a few examples of modern, in economic sense, forms of agriculture.

The new farmers are a new kind of entrepreneurs. They are proud to be called peasants. They like Slow money ideas, not financial Return on Investments. They do believe in the advantages of local food, not in the comparative advantages of international trade.

The new farms differ from conventional ones. They are small, but market oriented, they work for market, but not for monopolies, they produce rather than buy their input resources, they count for originality not for mass production, for unique product not for standardized one.

Such kind of agriculture does not dominate the present rural world. But it exists, it grows rapidly, the young generation prefers it. And it has to have its own economics. What kind of theory it will be? Which methodology to be used? These are the questions the researchers have faced.

This article opens a discussion on the model we need studying the new agriculture. We present here the results of our field study showing the shift to personal exchange from anonymous one, the dominance of individual transactions instead of typical market channels, the excellence of unique products to standardized, the refusal of uniform government support, and etc. characteristics of the new agriculture. Also, the popular economic thought is reviewed and its applicability for the analysis of the economics of new agriculture reexamined.

Keywords: economics, agricultural economics, farmers' transactions

JEL Classification: A10, Q13, L22

Introduction

Economics is the mostly operationalized science among all social sciences. The level of mathematical applications is much higher than in law, sociology, history and others. In this respect it is more close to natural than to social sciences. Maybe it is good. Many people believe that this is the way to turn a set of thoughts into organized science. But there is a negative side as well. In our efforts to keep the formal requirements of the econometric models we often forget the ideas behind them, the reasons for their creation, and the logical constrains in their application.

Bulgaria had change dramatically during the last decade. The big cities are dominated by fresh bars, salad bars, soup restaurants, small shops for local products, young people driving bicycles, playing games in the parks, eating fresh fruits and vegetables. They like this, they prefer it.

Many economists ignore such tendencies considering them as fashion, not economy. A few days ago Eric Kaufmann has published an article in the London School of Economics and Political Science site. The title is: *It's NOT the economy, stupid: Brexit as a story of personal values (*http://blogs.lse.ac.uk). Professor Kaufmann is not an economist. But he presents a widespread idea – if something could not be expressed in mathematical formula, it is not an object of the economic science. Personal values are hidden behind equations, functions, derivate and etc. calculus technics in today economics. We had forgotten that personal values had been at the core of economic science from its very beginning.

The Change

New for the country tendencies could be found in Bulgarian agriculture during the last decade. Some of them are just forgotten old – abandoned local products cultivation, traditional technologies resumption, and etc. Others are really new for Bulgaria - Permaculture, Biodynamics, Regenerative agriculture, Urban agriculture. All of them came on the stage following the new set of preferences. A new generation of people appeared and influenced the food sector mainly but also the entire agriculture. They were formed by fast growing ideas such as:

Slow food movement. The followers do believe that agricultural products could be: Good (quality, flavorsome and healthy), Clean (do not harm the environment) and Fair (accessible prices for consumers and fair conditions and pay for producers) so that "all people can access and enjoy food that is good for them, good for those who grow it and good for the planet." (www.slowfood.com).

Eating is an agricultural act. Ten years after his 1989 popular sentence Wendell Berry published a new assay - The Pleasure of Eating (www.ecoliteracy.org). There he advises:
1. Participate in food production to the extent that you can.
2. Prepare your own food.
3. Learn the origins of the food you buy, and buy the food that is produced closest to your home.
4. Whenever possible, deal directly with a local farmer, gardener, or orchardist.
5. Learn, in self-defense, as much as you can of the economy and technology of industrial food production.
6. Learn what is involved in the best farming and gardening.
7. Learn as much as you can, by direct observation and experience if possible, of the life histories of the food species.

Slow money initiative. The former angel investor Woody Tasch inspired by Adam Smith has published a book titled "Inquiries Into the Nature of Slow Money– Investing as if Food, Farms and Fertility Mattered" (Tasch, 2008) and later started the Slow Money initiative. Its goal is to: *catalyze the flow of capital to local food systems, connecting investors to the places where they live and promoting new principles of fiduciary responsibility that "bring money back down to earth."* (https://slowmoney.org/).

Degrowth movement. Early anti-growth ideas could be traced back two-three centuries ago. The modern movement has started in 1972 by the Club of Rome's report (Meadows et all, 1972) funded by the Volkswagen Foundation. A vast number of publications on the theme including Nobel Prize laureates followed. Agriculture today is affected by these ideas for:

- promotion of small scale even non-profit companies;
- attracting people for volunteer work;
- reduction the exploitation of natural resources;
- preservation the biodiversity;
- introduction of co-working even co-housing.
- minimization the production of waste.

Startup option. For a long period of time farmers were forced to run their initiatives as classical business enterprises. It was because of the requirements in the process of financing, both from public support programs and from financial sector. A new option is available today – running a farm as a startup. Long is the list of studies on the economics of startups (Paik, 2014; Southern 2016). It is obvious that this financial mode gives more freedom for innovative people to go out of traditional business models (Norris, 2014).

Social media. New ideas had been existed ever. What is really new today is the unique chance for their dissemination – widely, vastly, without any obstacles, censors, even authority. Forming a group of supporters or persuading people for anything is easier than ever. And all this is possible due to so called social media. Their economic role is deeply investigated (Dell'Anno et all, 2016; Carrascosa et all, 2015). The capacity of social media to influence individual's behaviour is important for us in this study (Battaggion and Vaglio, 2015; Boateng 2016).

The Study

A year ago we had started a study of alternative farming systems as Permaculture, Biodynamics and other forms of nature-friendly agriculture in Bulgaria. Often such kind of activities is being defined as fashion, strange individual choice, life style decisions, and etc. That is why our first goal was to understand who these people are. During our field trips we met people engaged in such activities who think for themselves:

- first, as farmers – not as followers of eccentric ideas but farmers. They try to establish normal farms and for the most of them this is their main activity;
- second, as producers - not as just nature keepers or beauty makers but producers of food. All of them are worried about the nature, food safety and countryside. But they do believe in the potential of their production technologies to solve the existing problems in these areas;
- third, as market players – not big but also not self-sufficient. Of course they and their families consume a part of the production. But such self-sufficiency is not a main goal. They would like to sell their product to the consumers. They try to do it and they really do it.

All these findings encouraged us to consider these initiatives as economic activities and to try to describe their economic nature and characteristics. Continuing our study we discovered some:

- first of all, these farmers prefer personal exchange instead of impersonal, anonymous one. They try to know personally their clients and to satisfy their unique needs;
- that is why also unique are their products – not standardized but strongly individual;
- then, the new farmers do not like existing market channels like traditional supermarkets, commodity exchange and etc. They try to establish exclusive connections personally designed for each client or a group of clients on alternative market channels like on farm sales, Farmer markets, Food-coops, online sales etc.;
- next, the transactions with such kind of products are based more on trust and confidence than on detailed and verifiable information. Consumers are confident on vitality of the products not on the content of specific ingredients. Trust is the engine of these transactions not certification and labeling;
- also, interesting are the investment attitudes of the new farmers. They need investments of course. But they are not able to follow the standard procedures even those for public support. Moreover, they are not ready to do it. Slow money philosophy is more close to their mind.

The Problem

Two and a half century after Adam Smith the modern economics is a well-developed science with a strong theoretical foundation. Using of assumptions is one of its typical characteristics. Three are critical – rationality, maximization behavior, and informed participants. Economic models could not work and the entire theoretical construction of the economic science collapses without them. Usually they are defined as:

- rationality – economic agents have preferences among outcomes of their actions that can be identified and associated with a value;
- maximization – ambition for more is a driving factor for the actions of the participants in the economy. Firms maximize profit, people maximize utility;
- information – individuals act independently on the basis of full and relevant information.

Other assumptions also could be found in the economic theory. They are not manifested so clearly but are not less essential. These are:

- ceteris paribus - other things held constant;
- perfect competition - economic agents are price takers;
- no problems with measurement – the influence of each factor affected the investigated problem could be measured and included in calculation;
- even utility could be measured in pecuniary terms;
- certainty – any future state could be predicted and described by a mathematical equation;
- quasi rent does not exist - no asset specificity;
- automatic exchange processes – demand and supply meet each other ever;
- each production process is separable – by steps, by time, and etc.;
- homogeneous goods – an ultimate assumption in a widely applied model of Production function;
- economic factors are priced and traded in the market – if not, these are not economic factors;
- externalities do not exist – there is no benefit or cost for not participating parties.

It is obvious that some or even all of the assumptions could be attacked. Keynes had opened this discussion near a century ago (Keynes, 1936, xxi):

> *This book is chiefly addressed to my fellow economists... For if orthodox economics is at fault, the error is to be found not in the superstructure, which has been erected with great care for logical consistency, but* ***in a lack of clearness and of generality in the pre misses****. Thus I cannot achieve my object of* ***persuading economists to reexamine critically certain of their basic assumptions*** *except by a* ***highly abstract argument and also by much controversy***[62].

Hayek (Hayek, 1937), Hicks (Hicks, 1956), Samuelson (Samuelson, 1963) and Machlup (Machlup, 1964) are among great discussants. Than the Friedman's answer came (Friedman, 1966, p.14):

> *Truly important and significant hypotheses will be found to have "assumptions" that are wildly inaccurate descriptive representations of reality, and, in general,* ***the more significant the theory, the more unrealistic the assumptions***[63] *(in this sense). The reason is simple. A hypothesis is important if it "explains" much by little, that is, if it abstracts the common and*

crucial elements from the mass of complex and detailed circumstances surrounding the phenomena to be explained and permits valid predictions on the basis of them alone.

Friedman sounds logical as ever but perhaps it is not enough for the economists. The debate continues with Coase (Coase, 1975) and Kahneman (Kahneman et all, 1986). To reach present days by the arguments of Mäki (Mäki ed, 2009), Schlefter (Schlefer, 2012), Colander (Colander, 2013) and Wolpin (Wolpin, 2013). And this is just a short list.

The discussion on the assumptions in the economic theory flows mainly in the axes realism-unrealism. But there is another problem as well. The role of the assumptions is simple – to simplify. As Friedman says - to explain much by little. If we exclude some variables or fix them as constants it becomes easier to understand and explain the rest variables. Logical. The problem appears when one use assumptions as preliminary conditions in a model he or she creates or uses. When somebody turns assumptions to pre misses as Keynes pointed out.

Discussing their activities during the interviews we discover that our alternative farmers:

- work in a completely new situation – nothing is certain. There are no established markets for their products. Government and local authorities do not support them. Even other farmers are often against;
- differ by their life expectations – perhaps their utility could be measured but not compared, each other, and with those of traditional farmers. All of them want to survive financially of course. But their main goals are completely different – to provide natural living conditions for their children, to ensure healthy old age for themselves, to proclaim ideas they believe, and etc.;
- follow natural processes in their production – the product is not homogeneous. These farmers produce from one plot various by type, quantity, and quality products. And various by years. Just like the nature does;
- prefer to make rather to buy their input resources – the production process is hardly separable. The alternative farmers produce the seeds and “fertilizers” they need; try to not use machines for soil cultivation; do not use artificial storehouses, and etc.;
- work on underdeveloped market – difficulties in evaluation of the economic factors. No risk markets exist. No ready-made decisions are in place. Even no theoretical analyses or guidelines are published;
- avoid competition – want to be price makers. There is no competition for the producer of yoghurt form the monastery of “Holy Trinity” or of donkey sausages for example. Substitutes exist in principle but not for devoted clients. The most of interviewed farmers reported that are not able to cover the demand of their products. Competition is not a fact for them;
- produce unique products for exact clients - asset specificity is high. The demand is high but is connected to particular customers. If they cancel their personal connections the producers face serious problems and may lose their investment;
- transact personally – no automatic exchange. Personal connection is a great advantage for the alternative farmers. Normally, they have customers for live. But it is a problem as well. Disconnection is possible and happens from time to time. There is no new partner to replace automatically the lost one.

The short analysis done above shows that is hardly to investigate and understand the alternative agriculture today. It concerns application of production function, financial models, efficiency analyses, investment studies, comparative approaches, and other methods used traditionally. We need to reexamine our view and research tools in such kind of studies.

Conclusion

The economists are rich people. Rich by the schools, theories, methods, and tools of their science. But it is not easy to be rich. One has to be careful thrusting the hand into the magic cap.

Starting our study on the new Bulgarian agriculture we faced various problems. Some of them are theoretical. We shortly realized that the nature and characteristics of our object differ from those of the Neoclassical economic school or so called Economics. We still have no clear decision for solving such problems. That is why we are trying to open a discussion on the theme.

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Port Investment Financial Performance Using Differential Cash Flow (DCF) Analysis

Troumpetas S[1]., Lymperis G[2]., Beneki C[3]., Giannias D[4].

[1]Ph.D Cand. Hellenic Open University
[2]Technological Institute of Western Greece
[3]Technological Institute of Ionian Islands
[4]Hellenic Open University

Abstract

Cruises have become one of the most dynamic and fastest growing segments of the international tourist industry in terms of passenger demand and vessel supply. In addition, cruise tourism can benefit a destination by increasing foreign exchange earnings, profit, taxes, employment, positive externalities and economies of scale. Although tourism is considered the "heavy industry" of Greece, academic research on tourism and its sub-domains remains relatively limited and focused on various types of impacts (economic, environmental and social in most cases). In this paper we evaluate an investment project (cruise ship pier) on a Greek port of Call using Discounted Cash Flow (DCF) Analysis. Our calculations include estimated revenues, operational costs and capital investments on port infrastructures. Usually port investment decisions are made due to productivity improvement strategies or capacity expansion aiming to higher capacity utilization and financial performance. A port investment evaluation model is proposed in order to explore the potential of better financial performance.

Keywords: Cruise Port, Investment, Financial Performance

1. Introduction

Many port cities throughout Europe have encouraged tourism-related activities as an alternative to port or shipping activities (McCarty, 1995, 1998). This fact is particularly important in the Mediterranean area which has significantly increased its importance for tourism in a world scale since 1991. The cruise industry falls between the categories of tourism and port-related activities (Capocaccia, 2001) and the benefits of investment in this sector have been embraced by many cities that have accepted a new role as cruise ports. The success of a port in attracting ship calls and visitors will depend not only its current, but also its future competitive position. Well planned investments can help towards this direction. Such investments in a port may create additional capacity, increase productivity, generated added value and income and create economic growth within the port and also in other sectors of economy (Meersam, 2005). Analyzing the factors that affect port investment is a complex task, because investment operates at different levels and involves a large number of decision makers, more so when it is part of public investment plan. For this reason, our paper is restricted to some specific aspects of port investment and it is organized as follows: Section 2 provides a brief overview of the cruise industry up to date, while sections 3 provides a literature review of cruise infrastructure related research and investment evaluation methodologies. In section 4 an evaluation approach is presented. Sections 5 to 6 demonstrate the implementation procedure and results.

2. Overview of the Cruise Industry

Cruises have become one of the most dynamic and fastest growing segments of the international tourist industry in terms of passenger demand and vessel supply. Cruise ships are constantly growing in size, expanding their range of activities on-board in order to satisfy the complex demands of both first time and returning passengers (Castillo-Manzano et al. 2014). Cruise tourism can benefit a destination by increasing foreign exchange earnings, profit, taxes, employment, positive externalities and economies of scale (Brida 2014; Pratt and Blake 2009). In addition, cruise tourism requires less infrastructure compared to stopover tourism at a tourist destination (Andriotis and Agiomirgianakis 2010). This particular market remains an oligopoly in that, through a process of consolidations and mergers, is dominated by three groups of companies (Carnival Group, Royal Caribbean and Norwegian Cruise Lines) which hold a cumulative 81.6% market share compared to 75% in 2008 (Lekakou et al. 2010; Cruise Market Watch 2016). According to the CLIA's annual State of the Cruise

Industry Report (CLIA 2015), twenty-three million passengers were expected to sail in 2015 to nearly one thousand ports of call in new exotic locations, especially in the fast growing Asian market. CLIA members also announced the launch of twenty-two new cruise ships in 2015 for a total investment of four billion dollars. In addition, the global cruise industry is forecast to exhibit dynamic growth in the period up to 2025, taking annual passenger demand up from around 20.9 million in 2012 to approximately 24 m passengers by 2015, 29.7 m by 2020 and 36.4 m by 2025 (Chen, 2016).

The Greek cruise industry is currently undergoing a period of rapid expansion at a time when the Greek islands are included among the top most popular destinations worldwide. Due to its large expanse of coastlines, historical sights, Greece makes an ideal cruise destination. As the cruise industry is adding significant economic value to the Greek state, cruise tourism is an important sector for coastal regions and islands to attract.

While this holds true, Greece fails to make the most of its potential in terms of revenue generated. One of the main reasons for this failure is the lack of a sufficient number of homeports for cruise. In addition, the cruise industry, especially in Greece, remains an under-researched academic field in maritime economics. In the past few years, the industry has attracted just a handful of researchers from various fields investigating the complexity of its operational and commercial dynamics (Pallis et al. 2010).

3. Literature Review

Despite the fact that research regarding the cruise industry has attempted to find the key influential factors for an effective cruise destination, there are only a few papers that deal with cruise port infrastructure improvements based on revenue analysis and investment evaluation procedures.

As McCarty (2003) notes, the regeneration of waterfront areas has given rise to an extensive literature in recent decades. *The opportunity for such regeneration has been brought about in part by a major shift in the pattern of uses within port cities.* One reason for such a shift includes economic development of port functions arising from cruise activity. So, cruise ports of call seek to secure a competitive advantage for investment, which may lead to a preference for property-based initiatives in order to bring about image enhancement. Despite the above, the literature review unveiled a lack of studies regarding investment projects for port infrastructures used by cruise ships. Marti (1990) and McCalla (1997) underlined the importance of port related investments (referred as "site") as an important factor for the selection of a stopover port by a cruise company. In the case of Greece, investment projects concerning tourism is an underinvestigated field of study. Although there is a sufficient number of port policy and management related papers (Pallis 2006, 2007, 2014), the vast majority of research papers examining port pricing and policies mainly focus on cargo ships and port infrastructures dedicated to host this type of vessels. Goulielmos (1999) addressed port deregulation issues in major Greek ports, while Psaraftis (2007) discussed practical approaches in tariff reforms for the port of Piraeus. One year later, Pallis (2006) examined forms of port governance in Greece. The national port policy reforms that have been underway since the late 1990s have resulted in the conversion of twelve ports of national interest to state-owned port corporations, thus directing the analysis into a devolution context. Pardali et al. (2008) suggested a model for port business positioning in a defined, competitive market based on the benchmarking technique used for the port of Piraeus. Vaggelas and Pallis (2010) conducted a survey in twenty major European passenger ports leading to the identification and classification of the different services provided. Sambracos and Maniati (2012) compared the economics of road and sea transport with reference to the connection of the port of Patras (the main western freight gate of Greece) with West Attica (the biggest Greek industrial center), aiming at providing a viable solution towards the promotion of short sea shipping in the transport chain between mainland ports.

4. The DCF Evaluation Approach

Capital budgeting practices are generally classified in the literature as: investment analysis, discount rate setting and risk analysis. The more sophisticated practices for analysis of investments are the ones of discounted cash flows and comprise Net Present Value (NPV), Internal Rate of Return (IRR), the

Modified Internal Rate of Return (MIRR) and Profitability Index (PI). In turn, traditional practices include the Payback Period (PP) and the Accounting Rate of Return (ARR) (Souza, 2016).

Discounted Cash Flow is widely used for capital investment appraisal and management. It monitors specific criteria in the process of deciding whether a particular investment proposal is worth-while. Although criteria may vary from project to project, the following are quite typical (Arcade, 1987):

1. For a forecast of deterministic cash flows over a given time period and for a postulated discounted rate, the Net Present Value should be positive
2. The internal rate of return, corresponding to a discounting rate at which NPV=0 should exceed a specified level
3. The Payback, computed as the number of years that need to elapse before the initial investment in year 0 is recouped, should not exceed a specific figure. The Payback is derived by monitoring the cumulative cash flow (which is negative at the beginning of the horizon and rises through the effect of undiscounted positive flows over time) and noting the point at which this cumulative figure reaches zero. Since cash flows are usually taken as discrete values corresponding to years, the computation of Payback generally relies on interpolation between the point at which the cumulative cash flow is still negative and the next one at which it becomes positive.

The general approach in determining the accept/reject/indifferent position for a project via NPV or IRR is to treat the cash flows as known with certainty. However, even small deviations from the predetermined values may easily invalidate the decision (Bas, 2012). Thus, redefined decision rules of investment appraisal techniques by considering the uncertainty in cash flows are indispensable for a reliable decision. In that context, although the idea that capital investments can be planned and analyzed using forecast based techniques like DCF has been repeatedly criticized by academics and practitioners, models like DCF are seen as potentially useful for decision making because the processes of forecasting and calculation enable managers to learn or improve their conceptual models of the strategic situation (Singer, 1994).

5. Methodology

Due to the complex nature of a port, analyzing investments in ports has to be done at several levels by looking at: Investments in Port Infrastructures and hinterland connections and investments from the industrial and service sectors (Meersam, 2005). For the purpose of this paper, "cruise infrastructure project" is one consisting a facility at a fixed location in which revenue is derived principally from expenditures of the cruise companies. So, a correct evaluation of an investment project, its costs and returns is always a necessity, whether the project will be financed with public or private capital. This theory is based on the simultaneous existence of 1) uncertainty, 2) irreversibility of investment and 3) concepts of opportunity cost.

The approach followed in this work is the Differential Cash Flow Net Present Value with a presentation of sensitivities for interest rate and visiting passengers. Cruise ship call records were provided by Municipal Port Fund (MPF), containing ship name and passengers. Physical characteristics of cruise ships were compiled using sources like marinetraffic.com. Dues rates are the ones officially published in Government Gazette. Revenues were estimated using said data for each year. Cash flows with and without pier were estimated for the duration. Differential net cash flows were derived from cash flow estimations. NPVs for various scenarios were calculated.

We applied the following limitations on our approach. We consider the value of the project after the 30-year period to be null. This is arbitrary, as its value depends both on its physical condition and the need of its use. Ionian Islands are highly seismogenic and the cruise market, for this kind of ports, volatile, so there is some, although extreme, justification to the zero value hypothesis. So we implemented a bad scenario for zero value, as, if the investment proves worthwhile under this condition, it is going to be a valid choice under more favorable scenarios.

The long time horizon suggests that, considering the uncertainty of a very distant future, a high risk potential should be intergraded to the discount rate. As this is a state financed project, we chose to use a more stable measure, that of the interest rate of the last long term issue of Greek state bonds, that coincide both for duration and start of works of the project.

The interest rate of E.U. funds is set to zero, as there is no time cost attached to them. It can be argued though, that there is an opportunity cost, mainly for the contributing countries, that should be expressed as a modest interest. As the contributed funds are diluted in the E.U. we consider that calculation to be out of the scope of this work.

6. Implementation and Results

Argostoli is a small port of Kefalonia island, at Ionian Sea, on a popular cruise route. It was built to accommodate local traffic between the mainland and Kefalonia. Ships on these routes are of the Ro-Ro type, rather small in size and have different berthing needs than cruisers. The Argostoli cruise port consists of one berth for receiving cruise ships and two anchorages that are positioned near the port. If the main berth (pier) is occupied, cruise ships are anchored and visitors are transferred to port by tug boats. However, passengers from anchored ships do not have a proper approach for disembarking and sightseeing. Kofjac et. al (2013) note that this may result in lesser revenue for the city originated by passenger spending.

At some point the Municipal Port Fund (MPF) decided to invest in a mooring dock, especially for the use of cruise ships. The project was financed jointly by E.U. and national funds on a 75%-25% basis respectively.

To justify the investment, there are two conditions to be met: economic feasibility (the best among other potential port investments) and financial feasibility (acceptable investment for fund providers). For the economic feasibility there is no contest, at least locally, as there were (and still are) no other potential port investments considered due to the size and character of the port. Our aim is to examine, ex post, the financial feasibility of the project, keeping in mind that it is a public work.

Like most investment decisions, the main port interest associated with port expansion is, or should be, at least the recovery of the investment cost. From a strict financial point of view, the feasibility of the investment has to be proved. This is a standard case when the funding is private and other factors, like positive externalities, are usually ignored.

In many cases though, ports are state owned, so the investment for infrastructure is seen as part of public investment. As such, a broader view is that of its contribution to national welfare. It must be noted though, that such state subsidies, can trigger price wars between ports (Chlomoudis and Pallis, 2002).

Still, there are particular difficulties in identifying the optimal parameters for investment decision of such nature. Usually external costs are to be expected, their magnitude depending on the port infrastructure and the traffic generated. Positive external economies are hoped for, both on a microeconomic and a macroeconomic level.

Port infrastructure investments are noted to have the following, among others, characteristics (Musso et al, 2006):

- Most of their profitability comes from positive externalities generated.
- Negative externalities and environmental costs are generated too.
- Long payback periods, as infrastructure usually have a prolonged economic life.
- Due to life span of the investment, there is a high degree of risk and considerable uncertainty both for profits and costs.

In the case under review, negative externalities (ie environmental pollution, noise, normal sea and land traffic disruption, etc) are extremely difficult to quantify. For the impact of positive externalities, we use the Corres and Papachristou (2012) estimation of passenger expenditure in ports of call of 61,5 euros, rounded down to a modest 30 euros for a port like Argostoli, based on our own experience from

an unpublished survey. Keynesian multiplier effects are ignored. Moreover, we assume that only a relatively small portion of the additional passengers arriving to Argostoli will choose to disembark. This is a conservative estimation, as probably the total percentage of passengers who will disembark, will be greater than the ones before the pier construction.

Project's known data are as follows:

Final cost: 5.638.907€.
EU finance: 75% or 4.229.180€.
Greek state finance: 25% or 1.409.727€.
Interest rate of Greek State 30-year bond (a y2009 issue as it is the last year of such an issue to markets): 4,7%
Annual cost of MPF allocated to pier: 33.000€.

A common approach to port investment decision making is the Cost/Benefit analysis.

In the case of Argostoli port cruise pier, the use of the infrastructure and up to a point the associated costs can, and are, imputed to individual users, that is the cruise ships. A problem arises from the fact that the pricing is not derived from actual financial and marketing policies of MPF but is following blanket dues imposed by the state over most of Greek ports. The MPF revenues are calculated using the following formula:

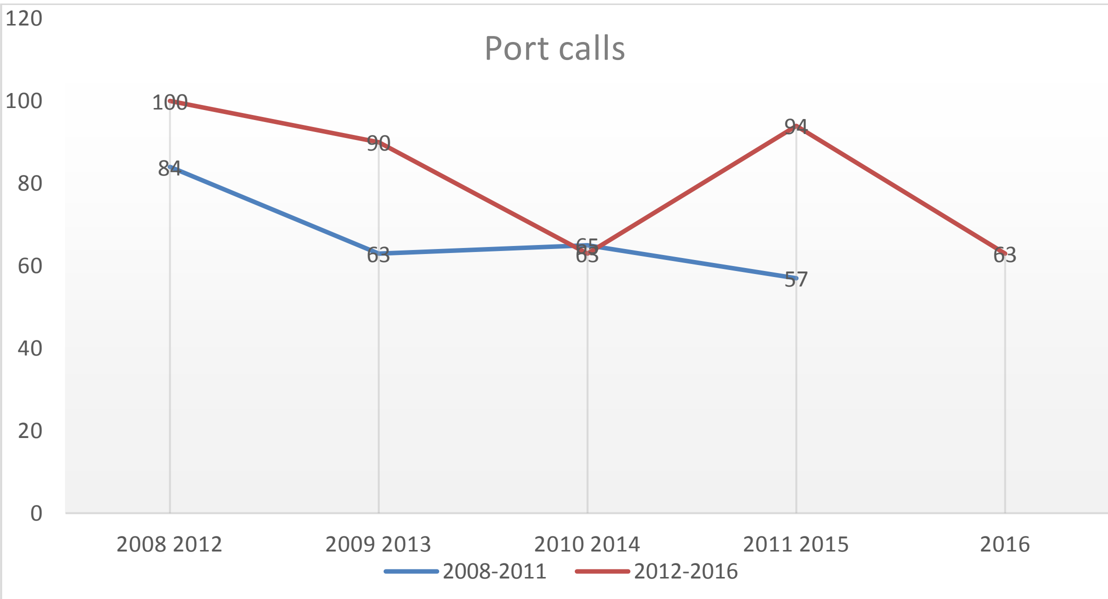
$$Revenues = P_d + B_d + Pax_d = x_1 GT + x_2 L + x_3 Pax$$

where: P_d represents Port dues, B_d represents Berth dues, Pax_d is Passenger dues and GT is the Gross tonnage of cruise ship (in tons) and L is the Total length of cruise ship (in meters). The x_1, x_2, x_3 variables represent the dues coefficients and the values assigned to dues coefficients are:

$$x_1 = 0{,}0095162€ \quad , x_2 = 0{,}2984901€ \quad , x_3 = 0{,}35€$$

The following graph presents the assumed cyclicality of calls on the port of Argostoli, used in our model.

Graph 1: DCF Model: Assumed Cyclicality of Cruise Ship Calls



There seems to be some kind of cyclicality in cruise ship calls both pre and after pier construction. We assume that in either case it holds the same pattern for the duration. The number of visits seem to have grown somewhat, although it is unknown if this happens mainly because of the existence of cruise pier or market volatility.

Graph 2: Passenger onboard cruise ships visiting the Port.



As with number of ship calls, the number of passengers seem to follow a pattern, which we used for the duration of the investment.

Discounted Cash Flow (DCF) analysis is one of the most fundamental, commonly used valuation methodologies. It is being developed and supported in academia and widely used in applied business practices. DCF analysis uses future free cash flow projections and discounts them to arrive at a present value, which is used to evaluate the potential for investment. As MPF had two options to consider, to accept or reject the investment, there were two distinct cash flow streams anticipated. We use the Differential Net Cash Flow, as one should take account that, doing nothing, i.e. no investment in pier, generates no additional cost, demands no repayment, holds no risk (other than the one of doing nothing) and anticipates revenues with some degree of predictability. Therefore, for the investment to be attractive, the Net Present Value of the difference between the two cash flows had to be equal to or greater than zero. So for our approach, the following formula is used:

$$NPV = \sum_{t=0}^{n} \frac{NFC_{wt} - NFC_{ot}}{(1+i)^t}$$

Where:

NPV : Net Present Value

NCT_{wt} : Net Cash Flow *w*ith pier for period t

NCT_{ot} : Net Cash Flow with*o*u*t* pier for period t

i : Discount rate

We apply the Differential Net Cash Flow method to calculate the investment NPV under two notions. First, as seen by the state, strictly accounting only for its contribution, that is 25% of the total cost. Narrowly seen, it is its opportunity cost for the state that has to be recovered. Secondly, we account for

total cost, including EU funding. Since EU funds bear no time cost, the assumed discount rate is adjusted accordingly to 1,2%. The base period employed is that of 2012, when the pier was officially declared in use. By doing so, we assume that all costs were incurred at the beginning of said period, thus underestimating the cost by the interest accrued during the 3-year construction period.

Additionally, we compute NPV for two cash flow scenarios:

- Strictly pier revenues to MPF,
- Previous scenario plus revenues accrued by the community from additional visiting passengers.

Table 1: NPV Index Results (National Funding)

National funding only, assumption		Net additional port revenue	With additional pax expenditure
Investment	1.409.727		
Rate	4,70%		
Duration	30 years		
% of additional pax visiting island	12%		
Average pax expenditure	30 €		
2012 NPV		**-1.048.318**	**78.869**

Accounting for national funding only, strict NPV computes negative, while, when accounting for additional passenger expenditure, it turns positive if approximately 12% of additional passengers visit the island.

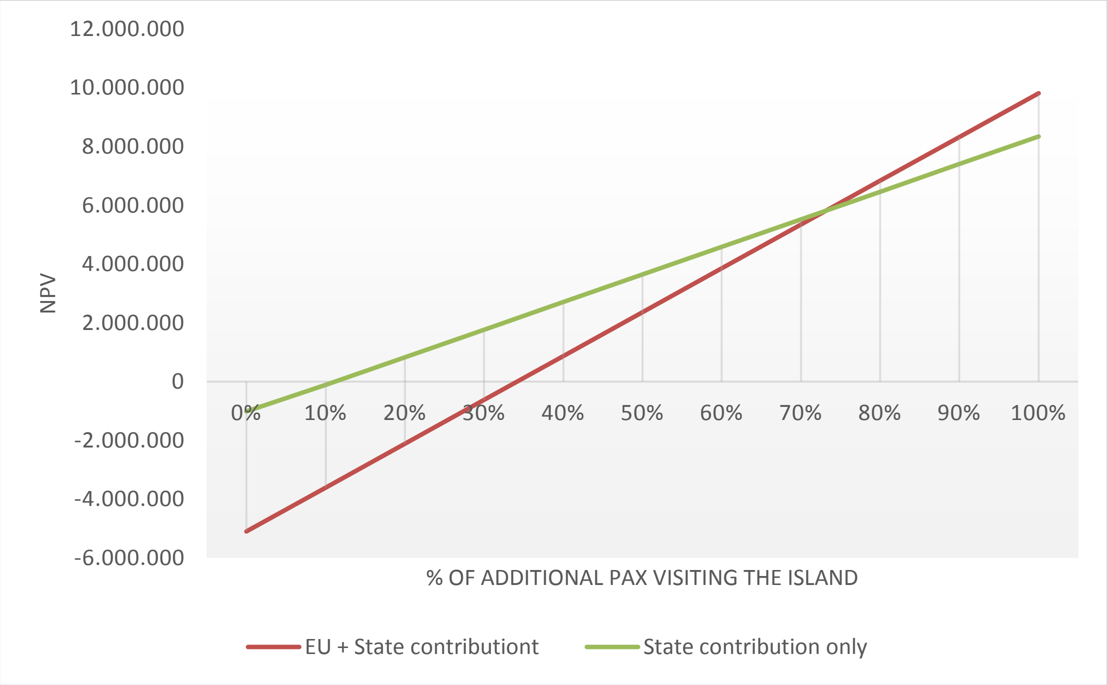
Table 2: NPV Index Results (National + EU Funding)

Combined funding assumption		Net additional port income	With additional pax expenditure
Investment	5.638.907		
Rate	1,2%		
Duration	30 years		
% of additional pax visiting island	35%		
Average pax expenditure	30 €		
2012 NPV		**-5.097.109**	**124.551**

Considering total cost, that id combined national and EU funding, strict NPV computes negative, while, when accounting for additional passenger expenditure, it turns positive if an approximately 35% of additional passengers visit the island.

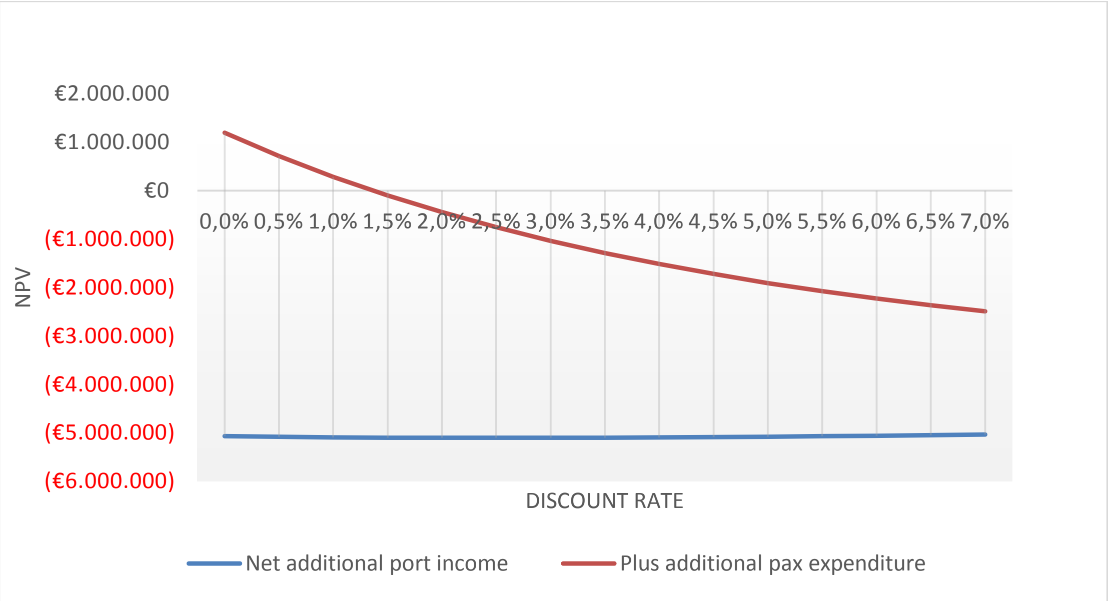
In the following diagram we present the NPV sensitivity as far as interest rate and percentage of additional visiting passengers are concerned.

Graph 3: Sensitivity analysis: NPV of additional passenger expenditure as per source of funding



The graph 3 shows that the combined funding assumption is far more sensitive to the percentage of additional passenger disembarkation, as it greatly enhances the necessary net cash flows. It follows that local and regional authorities have to stay alert for the attractiveness of the destination, so that a greater portion of passenger aboard, will visit the island.

Graph 4: Sensitivity analysis: NPV of discount rate as per source of funding with and without passenger expenditure



As shown, there is no way to have a positive NPV if the positive externalities are not accounted for. If they are, even for combined funding, the NPV turns positive for a modest discount rate.

7. Conclusions

Port investments specializing in certain type of users, like cruise industry, although they assume a minimum revenue as the user can be charged, they cannot escape the fate of public works' need to

quantify at least a part of the positive externalities in order to justify the need and feasibility of the projects.

We demonstrated that when positive externalities are taken into account, even restricted scope investments, such as Argostoli cruise pier, can be profitable in the long run, provided that action will be taken in order to make the whole “destination” package appealing to users.

The degree to which a region appeals to tourists is perceived to be the most important determinant of a region's attractiveness as a cruise destination. It is the one factor that is the costliest to change. With the right planning and forecasting it is possible to influence a tourist's perception of a destination/region, but this a demanding long-term view and significant financial resources. The second determinant is the accessibility of a region which also requires large investment projects. The third determinant - the level of port facilities - is the least costly (in comparison to the other determinants) to change within a relatively short time frame.

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Reassessing the "Poverty of the Cruise Theory" hypothesis. Further Evidence during 2010-2016 Period.

S. Troumpetas[1], P.G Eliopoulos[2], Christina Beneki[3], D. Giannias[4]

[1]: Hellenic Open University
[2]: Technological Institute of Messolonghi
[3]: Technological Institute of Ionian Islands
[4]: Hellenic Open University

Abstract

Although world-wide tourism continues to develop and grow, the tourism research community remains relatively new since new fields of study are emerging, following the changes of the sector. Tourism empirical research is characterized by a lack of unifying theoretical perspectives and considerable fragmentation, also known as "the poverty of the tourism theory". Cruise research being a sub-category of tourism is also subject to similar criticism. This paper provides a further up-to-date investigation regarding "the poverty of the cruise theory hypothesis", reassessing a significant study on cruise related publications, published by Papathanasis and Beckman in 2010. Does cruise industry related research remains relatively thin worldwide and Greece especially where the tourism sector is regarded as a pillar of macroeconomic growth? In order to provide current evidence we review all cruise related academic publications from 2009 to 2016 using mainstream bibliographic databases. We also assess if cruise tourism remains an underrepresented field among Greek researchers and examine its contents and focus.

Keywords: Cruise industry, academic research

1. Introduction

Over the decades, tourism has experienced continued growth and deepening diversification to become one of the fastest growing economic sectors in the world. Modern tourism is closely linked to development and encompasses a growing number of new destinations. These dynamics have turned tourism into a key driver for socio-economic progress (UNWTO, 2016). In order to fully understand its impact and dynamics, governments, policy makers and businesses around the world require accurate and reliable data on the impact of the sector as a whole and in its sub domains. Besides this spectacular growth however, the relevance of research practices in the field of tourism come under questioning (Papathanasis and Beckmann, 2010). If tourism is to continue growing and diversifying in the following decades according to the same patterns observed in the second half of the twentieth century, it should not be conceivable to not try and master its wide range of impacts, both positive and negative. In this context educating future tourism industry professionals is crucial, both for developing awareness on sustainability issues, and for providing them with the necessary tools for addressing those issues in their concrete day-to-day tourism operations and in the policy-making decisions in tourism. (Weaver, 2006).

2. The trouble with tourism theory

In the social sciences, the classification of qualitative data, comprising both written material, is usually conducted by means of content analysis (Dann, 1988). Content analysis is "any technique for making inferences by objectively and systematically identifying specified characteristics of messages" (Holsti, 1969, Stemler, 2001).

The first trouble with tourism studies, and paradoxically also one of its sources of interest, is that its research object, ‘tourism’ has grown very dramatically and quickly and that the tourism research community is relatively new. Part of this trouble is also that this effort has been made by people whose disciplinary origins do not include the tools necessary to analyse and theorize the complex cultural and social processes that have unfolded (Franklin and Crang, 2001). Back in the 80s, Morris (1988) notes an "academic" boom that suggests a tendency for studies to follow a template, repeating and

reinforcing a specific approach. Almost 10 years later, Rojek and Urry (1997) identify an additional trouble considering the understanding of tourism: tourism has become fetishized as a thing, a product, a behavior - but in particular a set of economic activities excluding questions about taste fashion or identity. According to Ateljevic et. al (2011) tourism studies are "handicapped" by an internal dichotomy of interests - between on the one hand, critical social and cultural studies of tourism and, on the other, business-oriented tourism management. In addition, Cohen (1995), has observed that although there is a variety of conceptual and theoretical approaches to tourism that need to be rigorously tested, there is also an increasing number in field studies with lack of theoretical orientation contributing little to theory building. Finally, Franklin and Crang identify two main issues leading to poverty of the cruise theory: The first is "fragmentation" and refers to the tendency of tracking industry developments producing an enormous record of case studies and variations and the second is "managerialism" that refers to a managerial perspective on economic phenomena and their exploration.

3. Methodogy

For our research we used the Google Scholar web search engine since it is estimated that it approximately covers 80-90% of all articles published in English (Madian Khasba and C Lee Giles 2014). Although the search engine does appear to have some inherent weaknesses (Serenko, A.; Dumay, J. 2015; Jacso, P. 2009; 2010) regarding ranking on citation count, it nonetheless allows easy access to published articles without the difficulties encountered in some of the most expensive commercial databases (Jacsó, P., 2008). For example, the key words used for the 1960-2016 period were “Greek Tourism” that had to be occurring anywhere in the article. A preliminary search returned 64.000 results so we used several filters in order to make certain that the number of results was actually relevant to the research. The criteria we used for an article to be included were relevance, originality and the use of English.

The relevance criterion was pursued by including articles directly concerned with greek tourism or with having used data from Greek tourism and excluding articles about general tourism theories with simple references to Greek Tourism, or articles irrelevant whatsoever to the subject.

The most difficult task to tackle with however, was the issue of originality of the included articles and to avoid measurement errors. To that aim we excluded convention proceedings, references, on-line repositories’ material (since all articles of the above categories would be counted twice or more times), undergraduate level essays, and lecture notes that found their way to the result list. After all the criteria were set had been met, the number of results included had dropped to 498 for the 1960-4/2016 period.

For the cruise related research we used a number of keywords concerning cruise tourism, it's economic/social/environmental impacts, visitor experience, port infrastructures and regional effects. A specific time frame was set (10 year period) while a random search within a specific year was used to validate our results.

General and Cruise Tourism Research Status

3.1 - General Tourism Research: The case of greece

The thematic of Greek Tourism has failed to attract international interest since the vast majority of related research is undergone by Greek scholars, despite that Greece is a major and long established tourist destination. The underlying reasons include language barriers, various difficulties in primary sources collection, introversion and a relative small presence in international research networks. According to our search, there is an upward trend on articles concerned with Greek tourism, especialy noticable after the 1990's. Until then, there were but a few tourism researchers of Greek tourism, with the majority coming primarily from the broad fields of economics and sociology.

Domestic experience follows the international proliferation of field studies (some without an explicit theoretical orientation), producing an enormous record of instances and case studies. One reason is that tourist studies have been dominated by policy led and industry sponsored work, so the analysis

tends to internalize industry led priorities and perspectives. On the other hand there is also a variety of conceptual and theoretical approaches which have yet to be tested

According to our research google scholar search engine, the first -available on line- published paper on greek tourism goes back in 1961, where Fragopoulos identifies tourism as "a new form of productive activity" and notes the need for finding the optimal combination between visitor's demands and specific country conditions. In 1966 Piperoglou carried out a study on behalf of the Greek Government for the purpose of planning tourist development of the Western coastal region of the country which was lagging behind the Eastern half. His study task was to present the economic repercussions of technical and engineering proposals so that investments and returns from the tourist sector could be evaluated in terms of overall developmental objectives. Two years later, Koehl (1968), conducted a tourist survey on the islands of Rhodes, Greece in order to provide "management and technical assistance to business enterprises".

Since those early beginnings of the particular research field in Greece, research production, in terms of the generated number of published articles on Greek tourism, has grown and maintains the great momentum gained in the 2000s.

Table 1, number of publications regarding Greek tourism, author process

Years	1960-1969	1970-1979	1980-1989	1990-1999	2000-2009	2010-4/2016
No. of publications	4	2	18	29	191	254 (50,8/year on average)

The most common subjects on Greek Tourism search criteria were; forecasting and tourist demand analysis, sustainable and alternative tourism, macroeconomics, e-tourism, peripheriality and local economies and to a smaller extent tourism management tools and tourism education.

The last four decades have seen great developments in tourism demand analysis, in terms of the diversity of research interests, the depth of theoretical foundations, and advances in research methodologies. Modeling tourism demand in order to analyze the effects of various determinants, and accurate forecasting on future tourism demand, are two major focuses of tourism demand studies. The developments in tourism forecasting methodologies fall into two categories: quantitative (non-causal time-series models, the casual econometric approaches and other emerging methods such as Artificial Intelligent techniques) and qualitative methods (Delphi, risk assessment, historical research, and scenarios design) (Song H., et. al.,2008; Li G., et. al., 2005). Modeling tourism demand and forecasting of future tourism demand for Greek Tourism has drawn the attention of many researchers in the field using a variety of leading macroeconomic variables (Dritsakis N., 2004; Patsouratis V., et. al., 2005; Lathiras P., Siriopoulos C., 1998; Gounopoulos D., et. al., 2012; Profillidis V. A., 2010, Petropoulos C., et. al., 2003; Patelis A., et. al. 2005).

Tourism remains one of the most significant national economic activities showing substantial growth in the previous decades and it may be seen as a major instrument for regional development as it stimulates diverse activities with a positive economic impact on balance of payments, GDP, employment etc. Tourism in Greece contributes in large measure to the formation of the country's GDP. Moreover, because of the dispersion of tourist destinations around the country, tourism in Greece has a catalytic role in the dispersion of national income in the country's regions. The direct participation of tourism in GDP in the country amounts to about € 17 billion or 9.5% of GDP. Taking also into account the multiplier effects, the total contribution is between 37 and 45 billion, or more than 20% of GDP, making tourism a key pillar of the Greek economy (SETE 2015). There are a number of articles stressing the importance of tourism to macroeconomic indicators of Greek economy (Truett D. B., Truett L. J., 1987; Papadopoulos S., Mirza H., 1985), linking tourism with GDP, employment, investment, public revenues (Diakomihalis M., Lagos D. G., 2008;), correlating the cyclical component of tourism with cyclical component of GDP in Greece (Eeckels B., Filis G., Leon C., 2012;), causal relationships between international tourism earnings and economic growth (Dritsakis N., 2004) and competition (Buhalis D., 2001). Successful international branding of the

Greek Tourism product played a crucial role in the growth of the economic importance of tourism. Although the marketing strategies undertaken by the national tourist offices of Greece abroad have been generally successful, the long-term viability of such strategies can only be sustained by a formalised strategic marketing planning process (Papadopoulos S. I., 1989)

As the tourist sector grew to be one of the economic pillars of Greek GDP, early signs of congestion of traditional forms of tourism in the 1990's, as well as rising international awareness on environmental, economic and social issues, brought forth the need to reevaluate and measure externalities concerning tourism. It became apparent that the tourism industry should seriously take into account its current, as well as future, economic, social and environmental impact while at the same time addressing the needs of tourists, host communities and the environment. Sustainable tourism was to develop guidelines applicable to both mass tourism and niche tourism segments, requiring the informed participation of all relevant stakeholders and political leadership to ensure participation and consensus (UNEP, UNWTO, 2005). Following the international trends, such research was launched in regard to Greek tourism by researchers of various fields of study. Economists, sociologists, engineers, environmentalists etc, all contributed to the fields of alternative and sustainable tourism. Efforts to develop new and alternative forms of tourism in Greece (Spilanis I and Vayanni H., 2003; Costa G., 2004) were launched as soon as local economies, that either did not benefit directly from traditional tourism or sought a competitive advantage, became aware of the positive economic impact of tourism on a local scale (Trakolis D., 2001a; 2001b) and the differentiation of the tourism product abroad (Pridham G., 1999). Although there are plenty examples of successful bottom up alternative tourism initiatives, mainly ecotourism (Iakovidou O., 2002), the lack of practical examples regarding management policies regarding these alternative types of tourism often resulted in management of such programs operating in the margins of mass tourism with the same customers and the same product (Gousiou A., Kizos T., 2001). This in turn highlights some inefficiencies regarding hospitality education and traditional management techniques in general. Although hospitality education in Greece is provided by a number of public and private institutions (mainly post-secondary and tertiary education), it comes with the same merits and flaws of national technical and vocational education, relying heavily on coursework and with a need of the introduction of more practical work (Diplari A., Dimou I. 2010; Christou E. S., 1999), especially at a time when hotels show high levels of staff turnover (Chalkiti K., Sigala M., 2010) and cease their dependency on traditional management accounting techniques (Pavlatos O., Paggios I., 2009)

Given the level of structural economic and social changes required, the turn to a more tourism dependent development for local economies (with greater ties to traditional forms of economy) cannot take place without any expected reactions from certain social groups (Kousis M. 2000), that need to be addressed in cooperation with environmental organizations, a multilevel support of environmental education, formation and implementation of policies, long term facilitation of local stakeholders to achieve sustainable tourism development (Skavanis C., Matsinos Y. G., Petreniti V. 2004; Koutsouris A., 2009). The socioeconomic impact of tourism on a local scale became a favoured topic for Greek tourism research. Many researchers have focused on residents' (Haralambopoulos N., Pizam A., 1996; Andriotis K., 2005; Koussis M., 1989), accommodation providers' (Bastakis C. et. al., 2004; Andriotis K. 2002; 2005;) and local authorities (Andriotis K., 2002) perceptions of tourism impact; others focused on differences of touristic economic growth among large and smaller islands (Loukissas P. J., 1989) or accessible and less accessible rural areas (Skuras D., et. al., 2006), the effect of tour operators on local business profit margins and tourist product (Buhalis D., 1999) and comparative socioeconomic analysis (Tsartas P., 1992)

Related to the aforementioned issues of sustainable and alternative tourism, but even more so with the ever-growing awareness and concern of the impact of human activity on the environment was research on energy efficiency and renewable/sustainable energy sources. This kind of research in respect to tourism is basically concerned with technical advances and feasibility (Bakos G. C., Soursos M., 2002; Michalena E., Tripanagnostopoulos Y., 2010; Kaldellis J. K. et. al., 2012, Tsoutsos T., et. al., 2008; Tzannatos E., 2010, Santamouris M., et. al., 1996), but remains somehow detached from Greek tourism in general. Although there is ongoing research on management tools regarding the environmental impact of corporate activity (Karatzoglou B., Spilanis I., 2010; Karagiorgas M. et al.,

2006; Zografakis N et. al., 2011), there seems to be a broad field for cooperation between engineers, environmentalists and tourism specialists.

The computerization of the business environment in the late 1980's brought technical advances that became broadly available through BSM and ERP software, although these were mainly adopted in the tourist industry only after e-tourism became a mainstream business channel in the 00's (Vrana V., Zafiropoulos C., 2006; Buhalis D., Deimezi O., 2004; Zafiropoulos C., et. al., 2006). The past decade brought the adoption of sophisticated software, social media marketing and applications in most tourist businesses, as well as research on even more specialized tools for tourism demand analysis and forecasting (Patelis A., Petropoulos C., et. al., 2005; Petropoulos C., et. al., 2003; Buhalis D., 2001; Syriopoulos T. C., 1995), service quality (Sigala 2004), ICTs promoting economic growth for tourism regions (Papanis E., Kitrinou E., 2011), or decision support platforms for the tourist sector (Stalidis G., Karapistolis D., 2013), location and description of central groups of travelers' pattern characteristics (Vrana V., Zafiropoulos K., 2010), eCRM 2.0 strategies exploiting networking and social/customer intelligence (Sigala M., 2011).

Poverty of the Cruise Theory: Do we still have a case ?

Cruise tourism is characterized by a relatively limited amount of academic research in relation to other areas of tourism (Wild and Dearing, 2000, Papathanasis and Beckman, 2011, Papathanasis 2012, Breja 2012). Papathanasis (2012) managed to identify 145 scientific papers during a 26 year period (1983-2009), many of them not directly focused on cruise tourism. In our study this period was extended both ways to 46 year period, ranging from 1970 to present. The collected papers were analyzed in order to extract research themes, which were organized in a meaningful way. Six themes can be classified under the headings 'economic impact', 'port / terminal related', 'social impact/visitor's experience', 'environmental impact' and 'various' (mostly addressing policy, managerial and academic research issues). Following is the breakdown of their distribution by time period:

- 1970-1979, 11 entries (2,98%)
- 1980-1989, 35 entries (9,49%)
- 1990-1999, 68 entries (18,43%)
- 2000-2009, 98 entries (26,56%)
- 2010-6/2016, 157 entries (42,55%)

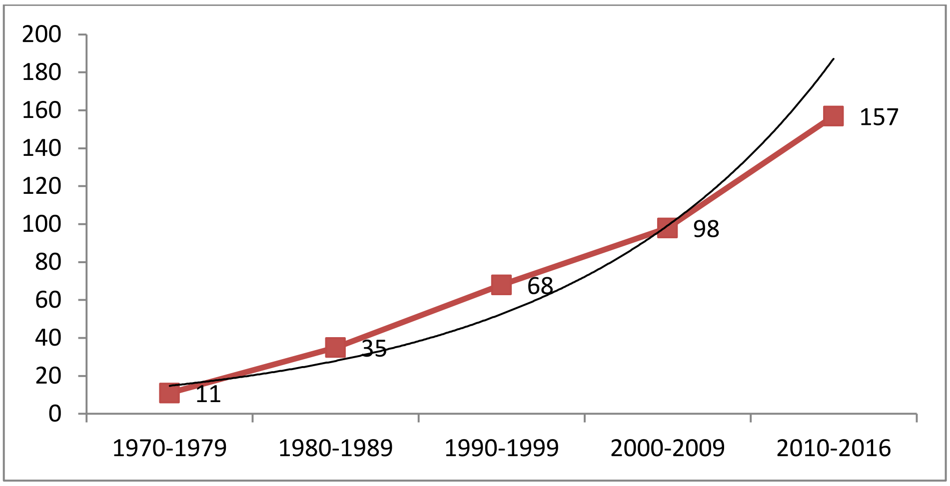
Table 2 shows the temporal and thematic breakdown of all related studies:

Table 2: Publications per theme and period

	1970-1979	**1980-1989**	**1990-1999**	**2000-2009**	**2010-2016**	**total**
ECONOMIC IMPACT	11	19	30	34	33	**127**
PORT / TERMINAL /INVESTMENT PROJECTS	0	2	6	13	30	**51**
SOCIAL IMPACT / VISITOR EXPERIENCE AND BEHAVIOR	0	8	8	23	40	**79**
ENVIRONMENTAL IMPACT / EMISSIONS / EXTERNALITIES	0	5	11	15	27	**58**
POLICY / MANAGERIAL / ACADEMIC RESEARCH ISSUES / OTHER	0	1	13	13	27	**54**
total	**11**	**35**	**68**	**98**	**157**	**369**

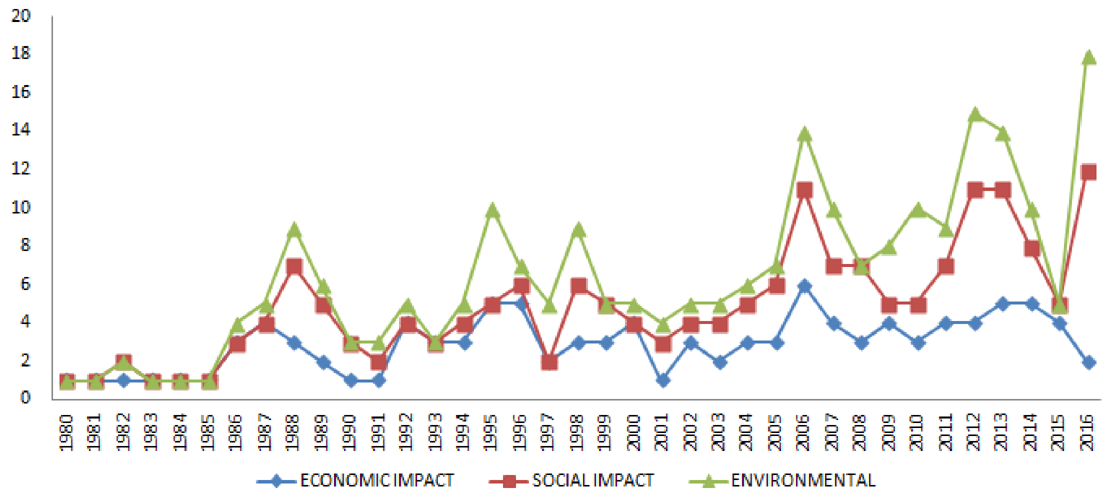
A preliminary result regarding publications' -with direct or indirect reference to cruise- distribution, is that they show a continuous increase, reaching almost 100% from a period to the next. Especially for the preceding study period (2000-2009), and if it was to be compared with the projection of the latest period (2009-2016) to 2019, the increase would exceed 150%.

Graph 1: Number of Publication per Period 1970-2016



The following graph shows the annual distribution of publications (1980-2016) in the three main research themes

Graph 2: Publications per year and thematic area (1980-2016)



Given all search terms used, a significant percentage of studies, particularly in the previous periods, make no direct reference to cruise tourism, but refer to it instead as part of general tourism. With that in mind, we identified these studies as "indirect references to cruise tourism", while those focused on the cruise as "direct references". However, studies with “indirect reference to cruise tourism” were not excluded from the total since we believe that they indeed constitute a contribution (albeit small) to the overall "cruise theory".

Table 3: Direct References to Cruise Industry (Economic Impact, N=127)

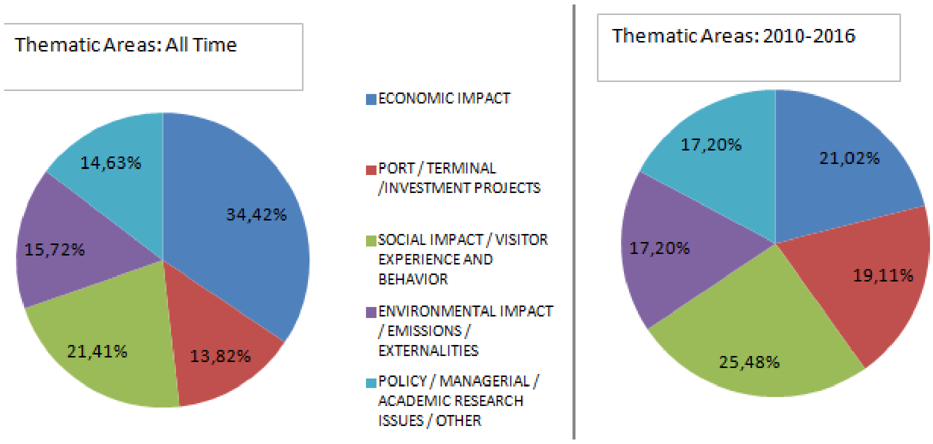
	1970-1979	1980-1989	1990-1999	2000-2009	2010-2016
ECONOMIC IMPACT	45,45%	57,89%	83,33%	85,29%	93,94%

As shown in the previous table 3, less than half of the publications on Economic Impact referred exclusively and directly to the cruise tourism during the period 1970-1979, while by 2016, 31 out of 33 publications (93,9%) related to the Economic Impact, refer just to cruise tourism.

Although the previous observation was somehow expected given the change in the research "trends", what was less expected was the shift in the distribution of research interest themes in the last period (2010-2016), compared to the total period under study:

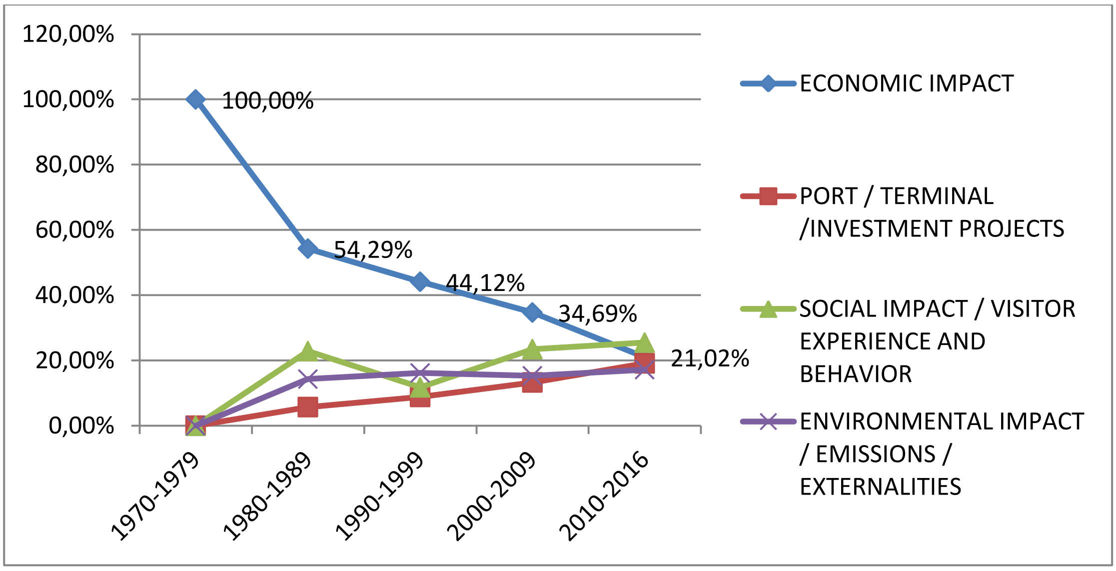
It seems that the Economic Impact of the cruise has preoccupied researchers less during the most recent period (drop from 34,42% to 21,02%) while on the same time there is an upward trend to research dealing with social and environmental impact.

Graph 3: Thematic Area Distribution



The following graph shows the temporal thematic distribution, supporting in detail the aforementioned argument

Graph 4: Thematic Area Distribution (%), All Categories 1970-2016 (N=369).



With respect to geographical distribution, 51% of the publications were concerned with the Caribbean island destinations followed by the Mediterranean (22%) and there is an evident the upward trend in studies related Asia destinations

Out of the total 45% of articles focus to a certain area or port, with the remaining addressing general concepts, such as regulation, management etc.

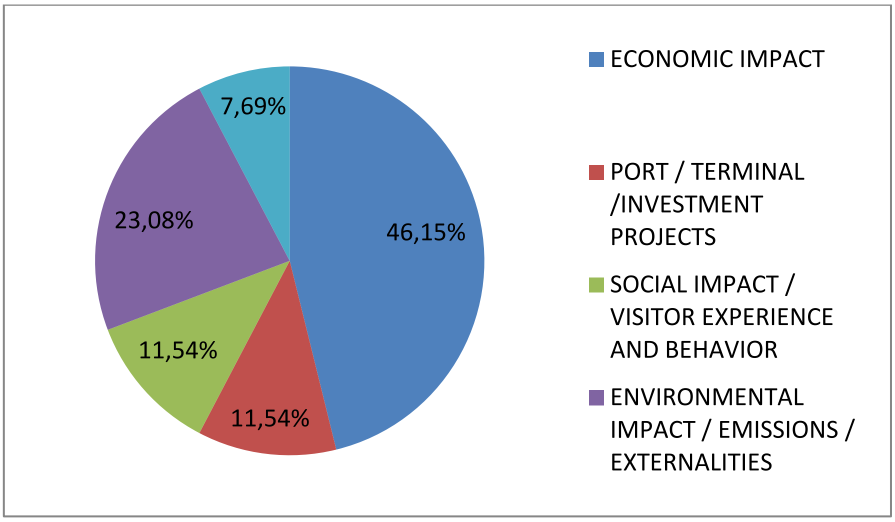
Cruise industry related research - The case of Greece

The cruise ship industry is currently undergoing a period of rapid expansion at a time when the Greek islands are included among the top most popular destinations worldwide. The majority of cruise programs for Greece include multiple island destinations with an average visiting duration ranging from five to ten hours or more.

Although Greece is an attractive cruise tourist destination, it fails to make the most of its potential in terms of revenue generated. One of the main reasons for this failure is the lack of a sufficient number of homeports for cruise. In addition, the cruise industry, especially in Greece, remains an under-researched academic field in maritime economics. In the past few years, the industry has attracted just a handful of researchers from various fields investigating the complexity of its operational and commercial dynamics (Pallis et al. 2010).

In our search we identified 26 papers concerning the Greek cruise industry, mostly originated from Greek Authors. Leading researchers on this field are restricted to few names that publish relevant papers on a regular basis, like Athanasios Pallis (2007, 2008, 2015), Diakomihalis (2007, 2008, 2009), Lekakou and Stefanidaki (2009, 2011,2013,2014,2016) and a few others. The majority of papers address economic impact issues (46%) followed by environmental issues (23%).

Graph 5: Thematic Area Distribution: Greece (N=26)



It is noteworthy that 61% of the studies included in our research, related to post-2010 period. Prior to 2000 there are hardly any publications focusing on the cruise and the essential research in Greece essentially starts in the 2000’s.

A major constraint for cruise industry oriented research in Greece remains the lack of sufficient and reliable data. In many occasions, authors state that was nor possible to find any published statistical data (Diakomihalis, 2009). In these cases, the authors employ data provided by interviewees, whereas, for a number of expenditure categories, complex calculations were necessary to assimilate practices and procedures of authorities and firms. In order to come to meaningful conclusions, a number of timely hypotheses was tested by authors to produce measurable outcomes.

Moreover research on environmental impact shows a low direct reference ratio (50%), with just half of available publications focusing on cruise ships, while research on social impact represents a rather new field of research in Greece, emerging in the late 2000s and covering 11% of the total articles on cruise.

4. Conclusions

There is an upward trend on articles concerned with Greek tourism, especially noticeable after the 1990's, not able to attract international interest however, since the vast majority of related research is undergone by Greek scholars mainly due to language barriers and introversion. Domestic experience follows the international proliferation of field studies, producing an enormous record of instances and case studies. Tourist studies seem to have been dominated by policy led and industry sponsored work, so the analysis tends to internalize industry led priorities and perspectives. However, there is also a variety of conceptual and theoretical approaches which have yet to be tested.

In 2000, Wild & Dearing reported that the academic research on cruise tourism had been relatively small. Almost 10 years later Papathanasis managed to identify 145 scientific papers on cruise tourism. This paper extended the research period to date and also incorporated published articles on Greek tourism, enabling us to argue that although research on cruise tourism continues to lag behind, compared to research on the general tourism, it distances itself from the "relative small" typification: The present period is characterized by a keen interest in the field, supported both by the number and the focus of publications. An important argument in the original study, that of "fragmentation", may mean different perspectives and research practices, that nevertheless tend to converge in time, if not replaced by others: For example the study of cruise tourism economic impact for international and Greek research alike, is mainly based on research of visitors' "spending patterns". This does not however preclude alternative (and perhaps better) approaches, for this field or any other relevant-to-cruise concepts.

Various issues concerning international and Greek research trends on cruise tourism and general tourism in Greece have been raised in this article. The details of a more exhaustive content analysis will be published in the near future since the research is still ongoing

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The complexity of tax legislation: An aggravating factor for the Greek tax system.

Lazos Grigorios

Greek Ministry of Finance, Dioikitirio, 54 123 Thessaloniki, Greece
E-mail corresponding-author: glazos1@yahoo.gr

Abstract

Simplicity is one of the main criteria used for the design and evaluation of a tax system. Moreover, the simplicity of a tax system is an important determinant factor of tax compliance both of individual and corporate taxpayers. The complexity of the tax system is mainly determined by the tax laws. The excessive complexity of the provisions of tax laws is a very important problem that hampers efforts to improve tax compliance. The tax reform by simplifying tax legislation contributes decisively to reducing both voluntary and involuntary tax non-compliance. In addition, the complexity of the tax system creates a sense of uncertainty of taxpayers towards tax administration. Moreover, the excessive complexity of the tax laws has a negative effect both an increase in compliance costs that burden on taxpayers, and an increase in the administrative costs borne by the tax administration. Analyzing the Greek tax system, we observe that the degree of complexity, expressed by the number per year of issued tax laws, interpretative circulars, and decisions by the administrative courts is particularly large and is constantly increasing in recent years. The corollary of this, is observed particularly large tax avoidance and tax evasion in the Greek economy, and several other problems associated with the complexity of the tax system. Therefore there is an urgent need of simplification of Greek tax legislation so that the tax system in Greece to become simpler and inductively fairer and more efficient, but also to satisfy a longstanding demand of the healthy forces of the economy, which will decisively contribute to the development of entrepreneurship and attracting investments.

Keywords: Tax Compliance, Tax Law, Tax Evasion, Tax Reform

JEL Classification Codes: H21, H22, H26, K34

1. The complexity of tax system

Justice, efficiency and simplicity are the basic criteria which have been commonly accepted for the design and evaluation of a tax system. According to the criterion of justice there is a horizontal dimension so that taxpayers with the same income should pay equal taxes, and a vertical dimension in which taxpayers with different incomes should pay the corresponding tax based on their incomes. The criterion of efficiency requires that the tax system is structured in such a way, so as not to cause distortions in production, consumption, savings and investment decisions taken by companies and individuals. Finally, according to the criterion of simplicity, the tax system should be clear so that taxpayers not subject to unjustified costs and to easily understand the tax implications of their economic activities (Barry, 1989).

Nevertheless the implementation of specific criteria that characterize an ideal tax system, proved to be incompatible with their theoretical status. This paper aims to analyze the criterion of simplicity and the effect on tax compliance. Although many scientific studies have assumed that taxpayers know in full their tax obligations, however is fact that the complexity of tax law, frequent amendments, as well as the specifics of the process of tax audits, contribute to the growth of uncertainty of taxpayers in meeting these obligations.

It must be recognized that the causes of tax non-compliance are numerous and that only a part of this comes from deliberate tax evasion. Given that especially large companies operate in an environment of extremely complex tax legislation, it is reasonable to argue that the taxpayers of this category are likely to be more prone to accidental incorrect tax return submissions (OECD, 2001). This does not necessarily mean, that these inaccurate tax returns include taxable income the amount of which is lower than the actual, but it is probable that taxable income appear to them and sometimes overestimated (Long and Schwartz, 1987).

The increasing complexity of tax laws is an important problem, which complicates efforts to improve tax compliance. The tax reform and simplification of tax system would help to reduce unintentional errors which are due to the limited understanding of the tax legislation. Further simplification will be a decisive contribution to drastically reducing the opportunities for intentional tax evasion (Internal Revenue Service, 2007). The excessive degree of ambiguity in the legal framework of the tax system tends to limit the effectiveness of tax penalties, and makes the tax system itself more vulnerable to exploitation by those who seek to deliberate non-compliance (Erard, 1997).

The size of the complexity of tax laws seems to correlate significantly with the level of tax compliance (Milliron, 1985). Tax systems in most developed countries over time became more complex, and thus the increasing complexity that characterizes, been a key determinant factor tax evasion in these countries (Richardson and Sawyer, 2001). Mills (1996) concluded that the complexity of the tax system can lead to an increase in tax evasion. Richardson (2006) studying data from 45 countries claimed, that the lower the level of complexity, the lower and the extent of tax evasion. In a similar direction were initiated conclusions of Martinez-Vazquez and McNab (2000), who focused their research on transition economies, and argued that the complexity of the tax system in these economies, is a particularly decisive factor of the observed increased tax evasion, since even the fact that corporate tax rates in these is very low.

2. The uncertainty of taxpayers in the complex tax systems

The tax system when distinguished by its complexity and the excessive number of tax provisions, forcing taxpayers to make particular efforts to meet the requirements, which are not always accompanied by a positive outcome. This finding is another aspect of the complexity of the tax system, and creates a climate of uncertainty or contributes to aggravating the already existing uncertainty, felt by taxpayers against tax administration. According to Jung (1991) this complexity contributes to the sense of uncertainty that taxpayers have, in determining the level of actual taxable income. Certainly an important role in limiting the uncertainty of taxpayers which stems from their tax obligations, emanating from a bureaucratic and complex tax system, played by tax consultants (Beck et al, 1991), who undertake the difficult task of clarification, and interpretation related tax provisions.

Furthermore, Scotchmer and Slemrod (1989) consider that the ambiguity of tax legislation have as corollary that the tax base determination by the tax audit, depend on how the auditors interpret the provisions of the tax laws, and ultimately not based on objective criteria and lead to random results. This could be eliminated or at least reduced, by streamlining and simplifying the provisions of the tax laws, and the high level of theoretical and practical training of tax auditors.

According to Andreoni et al. (1998) an additional problem of the complexity of tax law is that, auditors and tax courts have difficulty in trying to decide on matters that are within their competence. The auditors did not always have sufficient tax knowledge, and judgment of auditors and judges can make law enforcement incorrect. It is therefore possible that some taxpayers who do not comply, not to identify or not punished, while others who are law abiding and willing to fulfill their tax obligations, punished unjustly. This implication means that the random imposition of the tax system, encapsulates the taxpayers who ultimately may never escape the threat of danger.

The above reasoning seems to affect directly the tax compliance of taxpayers. The recognition of the accidental nature of the tax system enforcement, and improper performance of tax justice, arising from the excessive bureaucracy of the tax system, when brought to the attention of taxpayers, contributing to the intensification of injustice feeling that often pervades them. This finding, in turn, leads to limit

their voluntary tax compliance. According to Vogel (1974), taxpayers in Sweden observing negative attitude towards the country's tax system, because of the complexity that characterized at the time made this finding. The tax laws were so puzzling, resulting in the tax system itself leads to disruption of pre-existing standards of compliance.

However apart from the negative effects of complexity, some researchers distinguish benefits of complexity in the tax system. These findings are focused on increasing tax compliance which occurs as a result of uncertainty. Scotchmer and Slemrod (1989) argue that the growing uncertainty of taxpayers who avoid the risk (risk averse), respectively increases their tax compliance. Similar conclusions by Beck and Jung (1989), Alm et al. (1992a), and Caballe and Panades (2002). Also Alm et al. (1992b) in their experimental study, they concluded that the uncertainty of taxpayers, which stems from the lack of knowledge of tax law, the frequent changes in legislation, the ambiguity of tax law code, as well as the poor training of tax auditors have a positive impact on their tax compliance, thus reveal greater part of their taxable income.

3. Compliance costs and administrative costs

The taxpayers' compliance and the fulfillment of their tax obligations, requires that they should make some compliance costs. These expenses include the fees and expenses of lawyers and accountants, expenses of the special tax departments that maintain large enterprises, the time and the efforts of taxpayers to organize their files, as well as to prepare tax declarations (Weistroffer et al., 1999). Conducting compliance costs often overlooked by those who shape tax policy, and this results in a financial burden mainly small businesses and self-employed, that they exist in order to meet any unreasonable and burdensome tax regulations (Godwin, 1978).

The disproportionately large costs incurred by taxpayers to fulfill their increased tax obligations, which are imposed by a complicated tax system, can be a source of frustration and dissatisfaction on the tax legislation, and ultimately lead to the increase of non compliance (Slemrod, 1989). The tax administration should avoid addressing the limited tax compliance, increasing the complexity of the tax laws, which leads to a vicious cycle of growth of tax non-compliance, precisely because of the increased compliance costs faced by taxpayers in order to meet the demands of a complex tax system (Franzoni, 1998).

Moreover Slemrod (1989) studying the relationship between compliance costs and tax evasion argued that the overall cost of tax collection (including taxpayers' compliance costs) is an indicator of the tax system complexity. The administrative cost relating to the costs incurred by the tax administration to implement tax legislation and also for the assessment and collection of taxes is a decisive parameter for the complexity of tax law. These costs are expressed as a percentage of the amount of tax-paid (Balfousias, 2000). In Greece the administrative cost is very high. The cost of collecting tax revenue as a percentage of revenue is much higher in Greece than in other countries. According to available estimates, the total administrative cost for the collection of all tax revenues in Greece is 1.61%, versus 0.86% in Canada. Especially on the income tax, the administrative cost in Greece is 2.39%, compared with 1.0% in Canada and 0.6% in the US (Bank of Greece, 2010).

4. The complexity of tax legislation at Greek tax system

To understand the complexity of the law, and the lack of continuity of those who today make up the Greek tax system, it is sufficient to quote the laws implemented every year, special arrangements, decrees, circulars and other laws which include tax arrangements (Tatsos et al., 2001).

The Greek tax system is characterized by a multitude of tax laws, which consist of numerous provisions. Moreover, in several cases the provisions of tax legislation incorporated into legislation not related tax issues, which make it particularly difficult to codify tax laws as uniform functional sets. Frequent is the phenomenon of the tax authorities to issue decisions and circulars relating to a particular tax object, the content of which is not consistent with corresponding, on other tax object, so

there is no uniform approach to specific tax issues. Often there is also the issue of interpretative circulars, which although discuss the analysis and interpretation of tax legislation nevertheless cause additional confusion, leading to re-issue interpretative circulars analyze existing. In addition to the multitude of laws and decisions of tax administration added the decisions of the tax courts, which are included in the wider concept of tax law. These decisions issued by the Council of State , the Supreme Court, the Legal Council of State, and the Administrative Courts, are equally numerous, as they have as reference the already complex legislation.

Although common is the timeless phenomenon of announcements for a stable tax environment, with any extensions have on entrepreneurship and the adoption of a single codified tax legislation which will include all the disparate provisions found in completely unrelated legislation, none of this eventually happens. The result is perpetuated if not aggravating the chaotic situation.

To demonstrate this, then presented data from two studies on the number of adopted laws, circulars and decisions of the tax courts. According to Tatsos et al. (2001), found that for the period from 1980 to 1998, issued an annual average three tax laws, and for the period from 1995 to the first half of the year 1999 issued on average annually 44 decisions of the tax courts. Moreover according to the study of Rapanos and Kaplanoglu (2014), and elements of the European Commission, since the beginning of 2010 to mid of 2013 voted 20 tax laws, while for the same period, the Greek Ministry of Finance issued 277 circulars for 2010, 457 for 2011, 513 for 2012 and 695 for the first 10 months of the year 2013.

Moreover according to data from the Association of Administrative Judges, in Greece over the last forty or so years (from 1975 to 2015), approved 250 tax laws, when in the United States over the past 240 years (from 1776 to 2015) only 10 tax laws have been adopted. From the above, it is easily understood, that the issue of tax laws and circulars is increasing from year to year, and the problem of the complexity expands, despite the fact that all those who planned the tax system, promised in the past that would simplify the tax legislation.

In many cases, moreover, the tax laws are anachronistic and do not reflect the new data, which are formed in the economy, leading to gaps in the legislation, or to attempt interpreting these new data with the use of previous provisions, which do not reflect the new order. Of course this fact is not a feature only of Greek reality, since at international level, the rapid developments in several sectors of the economy, which present and the corresponding fiscal dimension, not sufficiently treated with conventional laws.

So for example, the emergence of new financial products, not fully covered by existing tax legislation (Tanzi, 2000). Furthermore in the field of e-commerce despite the fact that e-commerce is claiming a growing share of the conventional trade, fiscal defining what happens to it, both at national and at global level, characterized by slow adaptation to the new conditions that are created. The particularly difficult process of harmonization of tax legislation in the new usages of e-commerce, and mainly the direct e-commerce, is the result of the nature of the internet itself (karagiorgos and Lazos, 2010).

5. Conclusions – Proposals

The complexity of the Greek tax system, which comes mainly from the complexity of tax laws, seem particularly high, despite some fragmented efforts have been made to the simplification. Indeed, the complexity of the Greek tax legislation appears to be increasing over time. As can be seen from the review of the literature, the complexity of tax legislation creates serious problems in tax system. These problems are particularly apparent in the Greek tax system and have often been subject of study. Of course in this difficult economic situation for the Greek economy, the biggest problem, which is directly linked to the complexity, is the widespread tax evasion and tax avoidance. Certainly the precise impact of the complexity of tax legislation to the extent of tax evasion in the Greek economy should be the subject of future research. In addition the limitation of complexity is directly related to the development of healthy entrepreneurship, openness of the economy and attracting investment, all of which are important factors of converting and development of the Greek economy. In order to provide the requested limitation of the excessive complexity of the Greek tax system so as to meet the principles of simplicity, fairness and efficiency, which, as is generally assumed that characterize a

well-structured tax system, there should be some simple actions. Initially there should be a fair tax reform, widely accepted by the whole society, which is based on the criteria of simplicity, fairness and efficiency. Also, there should be a commitment that tax legislation will not continually amended in and will be stable for several years. They should also stop the piecemeal tax provisions applicable to certain categories of taxpayers, so that all taxpayers contribute according to their ability to pay. Furthermore should the taxpayers be constantly aware with easy to understand texts. Besides the introduction of tax awareness courses in schools could contribute significantly.

Author's note: This paper does not necessarily reflect the view or position of the Greek Ministry of Finance.

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MyDigiWallet: innovative mechanism to provide real time services in social insurance

Ioannis A. Pikrammenos[1] & Vasilios Sotirakis[2]

[1]PhD, MBA, MSc, Ass. Prof. TEI Peloponnese,
[2]MSc, Social Security Expert
e-mail.

ABSTRACT

The idea of this paper came out of the public sector's service provision business cycle. Service provision, as we know it, is a result of bureaucratic procedures and prerequisites that should be synchronized in order to become eligible the service provision. The problem with this method is that the service requester should stand in person before the public authority desk. As a result, numerous man-hours are spent in queues, many times without objective outcome. In social insurance the demand become more rigorous as the number of transactions is climbing due to the nature of the service, affecting the whole work force of the country both citizens and enterprises. Any one can understand that the cost of this kind of service is translated to productive labor hours lost, something that is taken as drawback for the regional as well as national economy.

And that is not all. The population of service provider's personnel is diminished due to lack of recruitment initiatives. That means that less and less resources are deployed to serve the national economy coefficients under more and more intense market conditions. This is a deadlock for the effectiveness of the applied business process as the long waiting time is suffocating the demoralized laborer.

In the whole picture someone can also incorporate the entrepreneurship. Being a priority for regional, national and European policy, the present climate as it is formed with the above disadvantages is rather overwhelming. In order to cope with an international competitive market the public services should be modernized.

Modernization of the service provision means alternation of business process of the public sector. This challenge should be based on pronounced and found methods in order to become accepted, effective and efficient at last. Our idea is based on well introduced methods and technologies that are familiar to all coefficients, as will be described in detail. Bringing them together in a common environment allowed us to introduce a innovative service that could solve many, if not more than the problems referenced above.

1. BACKGROUND AND STATISTICS

Social security is compulsory for every employee through laws 55575/1965, 2972/2001 and F.11321/63/6/2007. According to them the work history of each employee should be recorded in order to maintain account towards his, among others, retirement rights. As recorder by then, the business cycle did not integrated digital means, leading to a burocratic procedure. This procedure keeps people to gather in social service authorities' premises in order to supply information or to receive services. This as a fact is a huge drawback as each person is at the same time employee, meaning that the time spend at desk is time away from production. In recent days, it is also a painful task as people make huge queues in order to be served while employment has been increased and public service stuff decreased from the time of the system original design and implementation.

Labor force maintains almost 40% of the national population. Employment within labor force has steadily increased among last decade, due to social and fiscal pressures that elevated anxiety and economical risks. As such, it has climbed from 60% to 67%[64] of the labor force in 20 years. This has created a pressure towards the public service authority handling the social security matrix. Today, the stuff attached to the control of employed work is counted to be about 1500. Keeping in mind that the diminishing number of the public employees has shrinked over 25% the last five years, the problem of serving the growing market becomes more intense.

At the other hand, economy of scale imposes that a citizen at a front desk spends about 1 hour to enjoy the requested service. Counting also another hour spent in transportation it makes a budget of 2 hours per visit. If 3% of the employees visit the authority each year, it sums up to 35 man-years lost from production. In fiscal perspective, an employee spends money to access the service while he looses up to 4% of his income. Employers at the same time lack of a capability to produce 4% more while they invest resources capable to deal with this kind of service. Given the fact that productivity remains positive but constant, 4% increase in production could lead to 20% reduction of unemployment [3]. All together they make hundreds of euro lost form economy for every visit per anum.

2. IDEA COMPOSITION

The core idea was to deploy a digital environment where the end user could take advantage in order to avoid the hand written filling of forms. In this way, a portable, secure environment could withhold his personal data and through trusted relationship fill in forms, required for service provision, digitally. As such, not only time is saved but user frustration (due to fatigue) as well. The smart card was chosen as more appropriate environment for this kind of function.

Moreover, the deployment of digital services from the public authorities, the social services related as well, allowed us to modify the reach of our application from local to remote form filling. In order this to be realized a secure, trusted relationship among end user and authority should be established. PKI[1] was chosen as the proper method to authenticate user and to secure his remote transactions with the authority. Keep in mind that each laborer as well as employer has a PKI like signature in order to be served by the authority nevertheless, regardless of or service. Smart Cards[2] are capable for such kind of function as well (keeping PKI and user credentials).

In order to integrate the above two functions together, we should exit smart card environment, due to limited processing power, and migrate to a more powerful but popular environment: the tablet or smart phone. Both are capable to handle smart cards as well as to allow applications to be deployed with user friendly interfaces. Our study over service provision on selected areas of social service provision concluded to an android application available on Google Play store as “e-A.Φ” (https://play.google.com/store/apps/details?id=com.myemcryption.eaf&hl=el).

Moreover, in the procedure of deploying the application we realized another area of possible breakthrough, the procedure of work hour time stamping. It is well known to laborers that when arriving to work area they should stamp their card for start as well when leaving for stopping work day. In this way the social service authority is capable of counting his work effort in order to apply the appropriate social charges as well as to establish certain rights for retirement. Knowing that almost everyone has a smart phone, the usage of this device as the sole mean of proof that a laborer came and left the work premises would even more simplify administration. In order for this to happen,

[64] ELSTAT, 2015

interventions in two directions are proposed. (a) The smart phone should be capable to use the NFC tag reader[3] in order to mark in and out time stamps in contactless manner. (b) Time stamping could be passed in real time to the laborer's account at social authority, responsible for keeping labor data and using them for the social provisioning purposes. It would be more easy, time effective as well as reliable, reducing administration (ac)-counting, checks and burden.

The sophisticated information systems supporting public services are keen to interwork with our service due to their architecture and orientation. It is possible to allow for the interconnection of the end user directly to the service, without the intermediation of any person. That is possible due to the reorientation of public service provision through a common architecture, the e-CAF.

As described above, our service took several steps and achieved to save time, reduce administrative cost and allow for level 5 service provision. It must be noted that the application was developed from the side of the end user, both authority employee and citizen, and does not reflect security or business implications that a system of this kind could have. It did achieve to demonstrate a clear, efficient and cost effective way to modernize public authorities' service provision methodology. Whether it shall be generally adopted remains to be found.

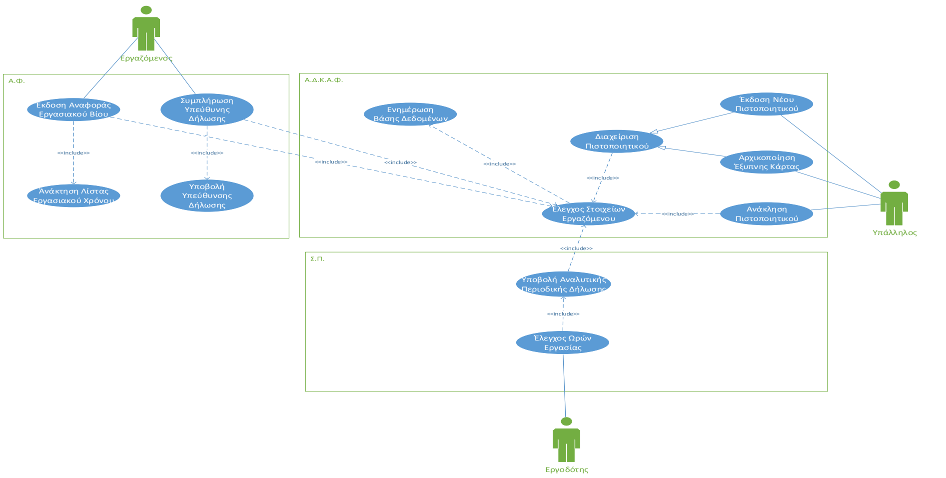


Figure 3 **System use case diagram**

3. APPLICATION PRESENTATION

The proposed application was developed with user orientation. Thus, the use case diagram reflects the interactions of the role players with the system as depicted aside.

Even thought the system incorporated limited services, the use case analysis dropped out a bunch of alternative scenarios. These scenarios composed a set of robustness analysis diagrams, following the ICONIX analysis. Through this analysis, the domain model could be elaborated, leading to the sequence diagrams composition. A paradigm for the service "certificate issuing" is depicted in the following diagram.

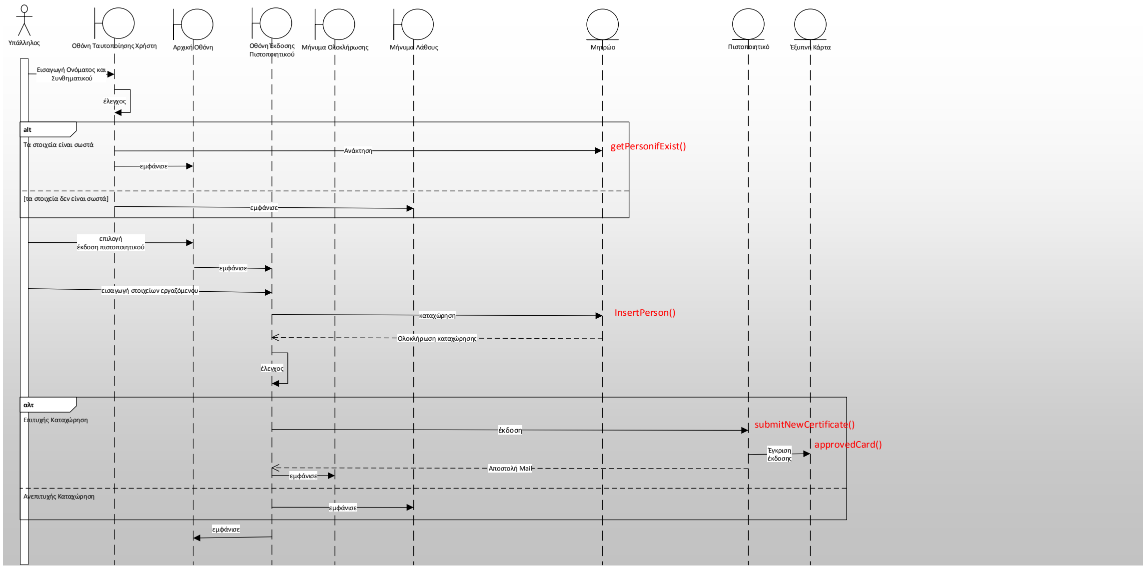
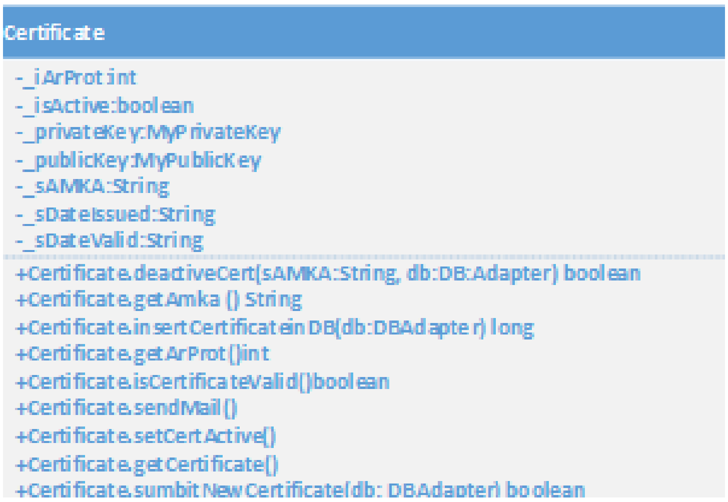


Figure 4 **Example of system message exchange diagram**

Code development is guided by class diagram where the main functional areas as and their interactions, according to actor referring to, are depicted. The methods are mapped to database schemas in order to interact with data. Main activity is the central class from where methods are called. Such a method is the submitNewCertificated, depicted in the previous diagram, responsible to handle certificate origination.



To complete the application and make it functional, user interface should be developed. Using smart devices, the information area was rather limited. With this in mind simplicity was chosen against graphical comfort. The UI was developed on XML[5] as that is supported from android devices. Through screens that are separated upon thematic content user can access the application functionality with a menu-like manner. The user can interact with the system in order to modify or update personal data through forms or recall information. The overall design is personalized, separated according to the view of the actors, in our case workers and laborers, taking advantage of adaptive UI principles.

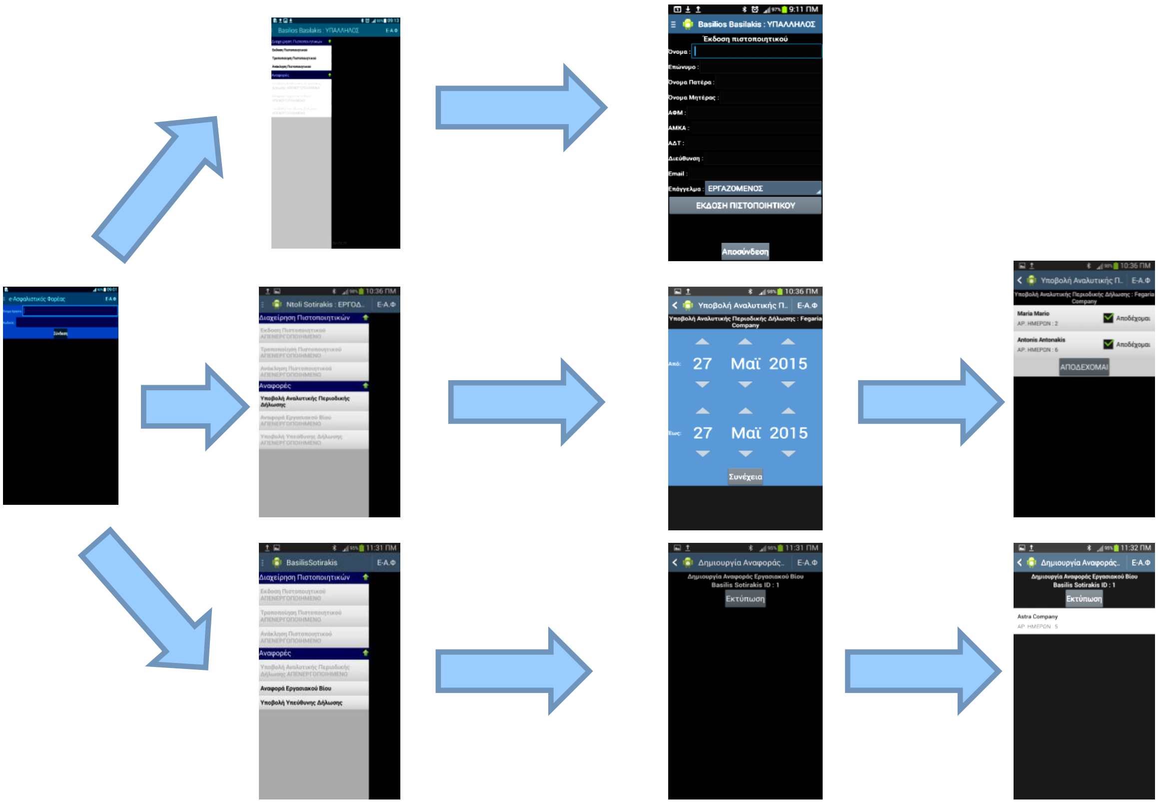


Figure 5 **System screens**

4. PRELIMINARY RESULTS AND FEEDBACK

The system develop to support the service provision is a 3-tier, as depicted aside, allowing for the application of the functional privileges of this architecture to be applied in a decentralized manner. This concept utilizes the usage of smart devices as web content brokers as well as smart cards as secret holders.

Main advantages of the proposed system are:

- PKI: this generally adopted method to encrypt user to system communications can provide assurance in citizen-to-government transactions
- Digital signature[6]/certificate: this method of user authentication and authorization has the advantage of enabling digital transactions, meaning to apply service provision procedures digitally and of course remotely. In this way the citizens has no more the obligation to relocate at public authorities premises physically, only logically through a web browser.

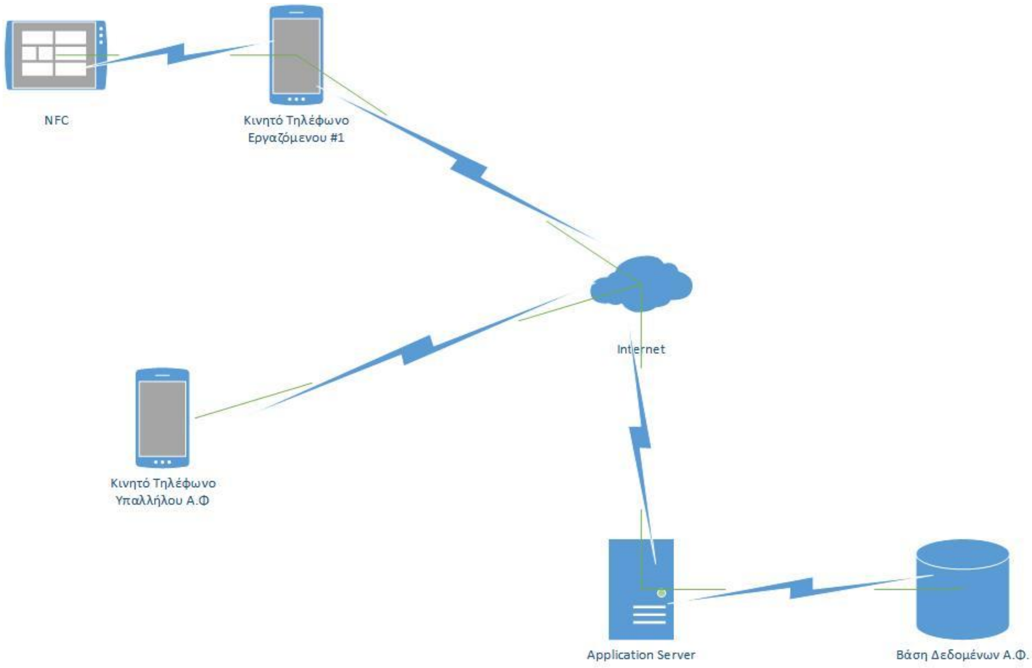


Figure 6 Proposed system architecture

- Smart Card: beyond the capabilities to be a secure storage environment, smart card withholds another characteristic: the mobility of enclosed information. As such, a mobile, personalized but also secure digital environment WITH communication capabilities, it is a perfect mean to apply for labor working hours recording.
- Smart phones and tablets: being widely used, allows for the easier accommodation of the application to the end user.

5. CONCLUSIONS

The proposed prototype system is a perfect example of simple and cost effective service provision of level 5 It could be easily integrated into a greater Informational System due to its design architecture. The inclusion of a greater set of services provided by the public authority could improve its profile as well its popularity to the citizen. At the other hand, the usage of smart devices for interacting with a public service adds to the effort to leverage the national digital divergence with respect to EU. Moreover, the capability to interwork with other systems, such as citizens card or SIM card, could enhance the service provision from a natively authority-oriented to a definitely atom-oriented, based on personal preferences and characteristics.

This application should not be solely regarded as a break through of the dedalodous national service provision systems, but as huge economical privilege of the national and personal economy. The decomposition of the business process requiring the citizen to relocate at authorities premises allows for not only economy of scale, by not wasting working hours and transportation resources, but transparency as well by eliminating venality through excluding face-to-face negotiations.

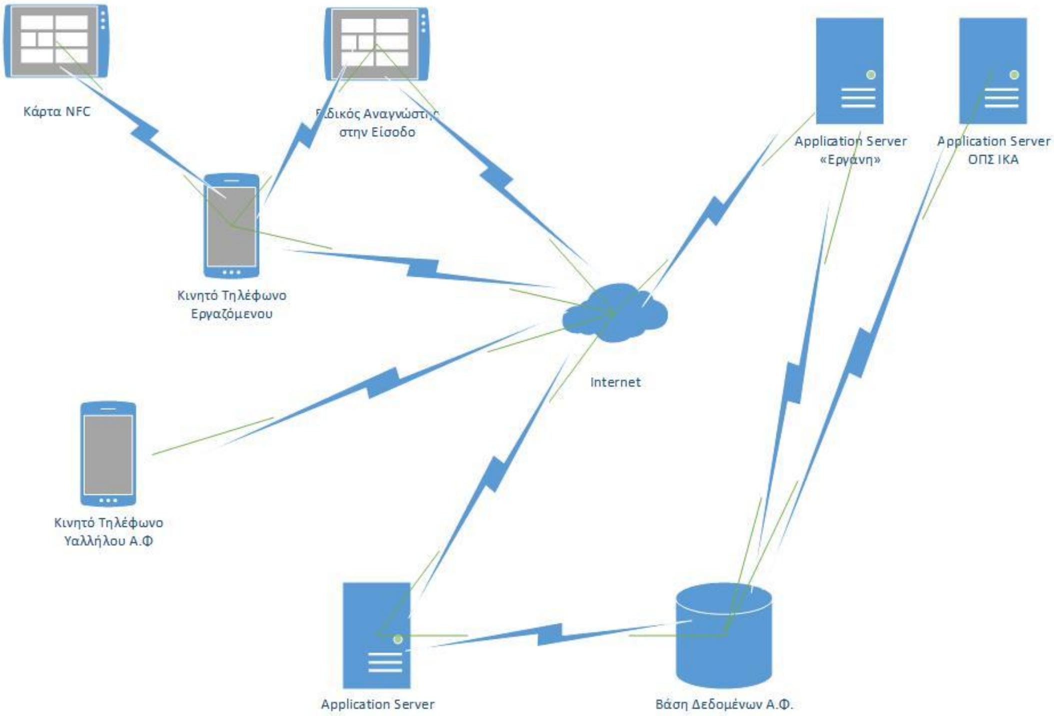


Figure 7 Proposed system architecture extension

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Critical Football Management as a paradigm for Human Development

Theofilos Pouliopoulos

PhD cand, Department of Sport Management, University of Peloponnese,.Sparti-Greece, thpouliop@uop.gr

Abstract

Football is one of the most significant cultural and social phenomena of our time. In a few decades, football achieved to become the king of sports in a globalized world, in which despite the tremendous progress of technology, economy and science, faces great inequalities and other major problems that threat humanity. In this context, the definition of development in mere economic and technocratic terms is under severe criticism. The intrinsic power of sports and potentially the "values" it carries, allow us to consider that football can contribute significantly in the process to change the world for the better. The current movement "Sports for Development and Peace" and the philanthropic actions of sport organizations and companies are very positive actions but inadequate, so to lead in a true change. The purpose of this paper is to highlight the intrinsic power of football through the lens of Critical Theory and Critical Management Research. In this regard, an alternative approach in Football Management can change the impact of the game in the global society. Critical Theory gives us the rational starting point to seek for a more equal and value-oriented society. Football, as one of the few accepted "universalities" worldwide can be used as a great paradigm for solidarity and equality. The football academies can serve as educational environments where children would develop the values of Critical Pedagogy. In addition, football authorities could follow a more humanistic approach, instead of focusing mainly in business and politics. In this regard, football can be used as a paradigm for the "Human Development" concept. A wider definition of development, that is not confined in mere economic terms, but a holistic approach that also includes education, culture, freedom and human emancipation as indicators to measure "development".

Key words: Football, Critical Sport Management, Human Development, Critical Theory

Jet Classification Codes: M10, O15, I25

Development and Inequality

When they talk about development nowadays, people refer mostly to economic, technological or scientific development. But mainly economy is the foundation where every "development" nowadays starts from. The dominant global economic system is "neoliberalism" and according to this model the global society moves onwards, trying to achieve a better future for humanity. "Neoliberalism supports global economic integration and presents is as the best, the most natural and the universal path towards economic growth, and therefore towards development, for all humanity" (Thomas, 2001: 167). The problem is that "critics, on the other hand, see its expansion across the globe as hegemonic" (Thomas, 2001: 167) and development seems to be not so equal and prosperous for all.

Apart from the environmental issue that threats the future not only of humanity but of planet earth also, in the global society there is a deep inequality that grows greater and greater. It is a fact that "despite huge advances in science and technology, inequalities between and within states are growing and almost a third of humanity continue to live in poverty" (Thomas and Reader, 1997). More specifically, the recent publication by Oxfam (2016) says that "Credit Suisse recently revealed that the richest 1% have now accumulated more wealth than the rest of the world put together" and to be more clear "in 2015, just 62 individuals had the same wealth as 3.6 billion people". There are no many things you can say about these facts. Even in economic terms, "inequality leads to a less stable, less efficient economic system that stifles economic growth and the participation of all members of society in the labour market (Stiglitz, 2012). So, which actually is the problem?

> "The problem is this: a predatory global financial system, driven by the single imperative of making ever more money for those who already have lots of it, is rapidly depleting the real

> capital – the human, social, natural and even manufactured capital – upon which our well being depends. Pathology enters the economic system when money, once convenient as a means of facilitating commerce, comes to define the life purpose of individuals and society" (Korten, 1997)

Consequently, the voices for an alternative approach of development seem more and more rational. "The alternative view of development…sees development as a creative process, characteristic of life, a process of increasing capability" (Capra, 2005: 3) and according to this view "the development process is not purely an economic process. It is also a social, ecological, and ethical process-a multidimensional and systemic process" (Capra, 2005: 4). And as one of the leading developmental economists argue:

> "a freedom-centered view of development has several advantages over more conventional outlooks. First, it provides a deeper basis for evaluation of development, allowing us to concentrate on the objective of individual freedom rather than merely on proximate means such as the growth of GNP, industrialization, or technological progress. The enhancement of lives and liberties has intrinsic relevance that distinguishes it from, say, the enlargement of commodity production" (Sen, 2001: 512).

In other words, a more humanistic and freedom-centered approach of development should focus on other aspects of human nature, such as freedom, education and security. The human development concept and scope is multidimensional and measures also environmental sustainability, gender equality and political freedoms (Fakuda-Parr, 2003). But in reality, the state's power games, the monopolies of the multinational corporations, even the function of the humanitarian nongovernmental sector reinforces the neoliberal system and deepens injustice because "more poverty assistance is accompanied by greater poverty" (Petras and Veltmeyer, 2001). The point is not to focus on philanthropy, but on humanism. This means that we just not give charity to the poor, but we create an equal system where every person can fulfill at least the basic human needs, like food, shelter, security and education. The United Nations' Millennium Development Goals is a very good initiative with good intentions and some significant positive outcomes (U.N, 2015) but as we saw above the facts and the global reality nowadays shows that more drastic measures are needed.

Critical Theory and Critical Pedagogy

One of the most influential and strong philosophical and sociological streams of the previous century is Critical Theory. Grounded in the exhortation of Marx that "philosophers must change society", Critical Theory tries to study man and society through the lens of psychology and economy, but holistically, and not merely from an instinctual (Freud), materialistic (Marx) or nihilistic (Nietzsche) point of view. Actually, Critical Theory argues that there is truth in the world and a possibility to make it a better place, while the role of science is not only to find knowledge, but also human emancipation (Horkheimer and Adorno, 1997; Habermas, 1984). While post modernism and other modern streams support subjectivity and relativism, accepting social reality as it is, Habermas defends a universal potential to arrive at a genuine consensus through language and communication and Marcuse believed that 'the alleviation of toil and poverty are universally valid standards' even if they vary according to 'area and stage of development' (How, 2003).

The social domain where Critical Theory finds a fertile ground is that of education. While technical knowledge and skills are undeniably necessary, children must also be taught something beyond material needs. In this vein, the pioneer work of Paulo Freire and other notable educators made a real breakthrough in the approach of education worldwide. According to Freire (1998) education cannot be purely instrumental, but also ethical and must give priority to self realization, dialogue, emancipation and equal opportunities. The ultimate goal of education is to liberate human beings and help them to seek for their own completion (Freire, 2008). In the social context, the legacy of Freire and other

distinguished scholars (Giroux, Macedo, bell hooks, Greene and others) of critical pedagogy made us consider that all the inequalities, racism, poverty, oppression and contradictions of the modern world should not pass so easily from one generation to the other. They made us understand that starvation, exclusion from schooling, lack of meritocracy and many other serious problems, cannot be considered as a collateral damage of the socioeconomic system that cannot be avoided.

Critical Management Research and Critical Sport Management

Through the years, the critical approach found a fertile ground to prosper, apart from sociology and education, to other disciplines as well, such as management. Management is one of the most popular academic disciplines nowadays and of course one of the dominant "sciences" that leads humanity to the future. The main practical application of management occurs in the function of corporations and as Deetz (1992) says "the modern corporation has emerged as the dominant institution in society". But as we saw above, great inequalities and the other major global problems are making us seeing critically the dominant institutions of our society. For this reason, the focus of management and management studies has turned to re-examine the very foundations and the scope of research. "Critical management research aims to reduce the pre-structured limitations of thinking, feeling and relating to established values, practices and institutions" (Alvesson and Deetz, 2000: 208).

In this context, there has been a growing concern in critical sport management research as well. Sport is one of the most significant social, cultural and economical phenomena of our time. For this reason sport management faces the same challenges, controversies and opportunities as the wider concept of management research. Critical sport studies began to gain attention in mid-90s (Zeigler, 1994, 1995) and afterwards exceptional scholars, mainly in the U.S.A., developed the field with some significant work. Frisby (2005) transferred Critical Social Sciences into the sport management field, Amis and Silk (2005) promoted critical and innovative approaches, Shaw and Frisby (2006) proposed an alternative approach about gender issues in sport management research, Zakus, Malloy and Edwards (2007) examined critical and ethical thinking in sport management, Mahony (2008) and Doherty (2012) highlighted the need for an interdisciplinary research in sport management studies and Hums (2010) called the sport management educators to take their role more seriously and critically, while Thibault (2009) and Newman (2014) exposed the dark side of global sports industry. All these scholars highlighted the need for an alternative approach in sport management, sport governance and sport mentality in general.

The significance of sports

As Jarvie argued "There is no single agent, group or movement that can carry the hopes of humanity, but there are many points of engagement through sport that offer good causes for optimism that things can get better" (Jarvie, 2007: 23). But what is this special element that can turn sport into an agent of social change? One of the most exceptional sport philosophers says that:

> "sport can be used to earn money, promote a nation, inflate egos, bully the weak, vaunt victory, disparage the loser and so on. But this does not mean that sport has no (intrinsic) values. To argue that sport has peacemaking capacity and peacekeeping potential is to argue that it has a certain intrinsic form and intrinsic values, which lend themselves to those tasks. This is why sport is promoted (instrumentally) by peacekeepers, even if they do not particularly like sport themselves" (Parry, 2012: 11)

Apart from its peacemaking capacity, sport is characterizes by the potential pedagogical contribution into children's development. A number of physical, psychological, and social benefits can be gained from youth sports participation (Hedstrom and Gould, 2004; Holt, 2007; Coakley, 2011). For these reasons many individuals, governments and institutions try to harness the intrinsic power of

sports so to achieve social, pedagogical and moral scopes. In this context, “Sport for Development and Peace” (Kidd, 2008) is a social movement which tries to confront social problems through the philanthropic actions of governmental and non-governmental organizations. This movement is a part of the wider philanthropic movement of non-governmental organizations across the globe. In addition, Corporate Social Responsibility of the big sport corporations and international federations is another good action that helps significantly in many cases. But to be honest with ourselves, these measures are very good but inadequate to provide an actual solution to the great problems of poverty, inequality and injustice.

The alternative approach in sport governance and management

As the current philanthropic movement appears to be weak to provide an actual change, what needs to be done, is to change our perception about the true nature and scope of our social institutions. And if we have to start from sports, an alternative approach of sport management can contribute significantly to the process of an alternative development in the wider society

> “Through the development of sustainable sport and the teaching of environmental ethics, a sense of stewardship of both habitat and habitus could be encouraged. These changes would be one part of the attempt to move global sport in the direction of being more democratic, with its decision-making more transparent and its decision-makers more accountable. Natural and social scientists of sport can, if they choose, serve a humanistic role and thus contribute to development through sport – or they can continue to serve the sports industrial complex” (Maguire, 2011: 947)

More specifically, according to Hartmann & Kwauk (2011) there are two pathways today’s sports can follow. The first one is the dominant vision “wherein sport functions to socialize individuals into the existing order and reproduce relations of power and inequality” and the alternative one which is “a more radical approach where sport is retheorized in its political engagement and educative practice to contribute to more fundamental, systemic changes in social life” (Hartmann & Kwauk, 2011: 298). The two scholars believe that the alternative version must prevail but “if sport practitioners are to be serious about development, they need to figure out what they believe development should be and construct sport programs and education initiatives designed specifically to address these ideals and objectives” (Hartmann & Kwauk, 2011: 298). So, the most important factor to seek for the alternative vision of modern sports is to define and clarify the notion of development. It depends basically on how we understand development, so to create the appropriate context for the sports we want to have. In case now that we follow the radical approach of development and apply it on sports, sports can become a paradigm of this different model of development for the wider society. And if one particular sport can achieve this aspiration and lead towards this direction, then probably we have to look for the king of sports worldwide, football.

Football as a special phenomenon and as a neoliberal tool

Football is the king of sports, because is simply the most popular sport in most countries and more importantly because millions of people are playing football and billions of people are watching it. The exact impact of football in all those people’s everyday lives is unmeasured. Football is something special among sports or other social and cultural phenomena. “Its cultural centrality in most societies means that football carries a heavy political and symbolic significance…the game can contribute fundamentally to the social actions, practical philosophies and cultural identities of many, many people” (Giulianotti, 2012) . Moreover, in a society where consumption and materialism are kings,

football is a special case in as much as it is one of a number of realms of cultural production that have considerable meaning beyond straightforward consumption (Sugden, 2002).

The problem is that the institutions and authorities of football are fully committed to neoliberalism, leaving behind the other healthy aspects of human development. More specifically, “the problems of world sports organisations are similar to other organisations with visions that are primarily concerned with money, material wealth and unregulated profit” (Jarvie, 2006: 164). The allegations for corruption within the global sport governing bodies, I.O.C and F.I.F.A (Jennings, 2011) traumatized the world of professional sports and also betting scandals and allegations for fixed matches in football unveils very often the dark side of the beautiful game. “The unregulated global betting sector...is understood to be many times larger than the regulated sector…it is believed that, excluding horse racing, 70-85% of the bets placed are on football” (European Gaming and Betting Association, 2014: 2). This dark side of football is actually the dark side of our society. Football, as the most popular sport and as one of the most valued assets of the global sport industry, offers a fertile ground to prosper all the illegal and legal but unethical aspects of neoliberalism. So, a different orientation in football management could give an alternative solution and a valuable paradigm for a true change in our mentality.

Football as a paradigm for human development

Football nowadays is rather culturally “neutral”. While many “western” values are not accepted from all societies, football is adorable in almost every nation of the world. So, the leading institutions of football can harness the power of the game to spread the “good” values across the world. And those values can be based in the validity claims for communication of Habermas (1985) and in virtues such as honesty, justice and courage (MacIntyre, 1984). Football carries potentially those values (equality, justice, respect) that can become the universal language, by which the people of the world can learn to communicate with mutual respect and understanding. A set of values that support a universal definition of development that respects the differences and acknowledges that people of the world share more or else the same needs, values and the need for freedom. A freedom that is beyond the freedom of consumption.

> “What form of civilised values reduces freedom to the right to buy and sell, equality to a legal form, replaces forms of solidarity with privatised individualism and threatens the very planet with warfare all in the name of democracy and freedom? If only a form of sporting diplomacy and internationalism could have been found to contribute to unlocking more recent global tensions as it did with South Africa during the apartheid era”. (Jarvie, 2013: 382)

Sports and football must inspire again. What needs to be done is the complete transformation of football authorities (federations, clubs) from business oriented organizations to transparent, accountable and democratic institutions (Katwala, 2000; Sugden, 2002), with basic aim to change society for the better. The contribution of academics, football players and active fans is a vital step towards this direction. Football stars must inspire the new generations by promoting the virtues and by criticizing all the negatives and faults of football and society. In countries where poverty and inequalities are so great (South Africa 2010, Brazil, 2014) football matches in luxury stadiums seem to be a joke or a tragedy. Football must connect with society because it comes from society.

And when we talk about football to change its policy and governance we do not mean to change its neoliberal focus and become communistic or something like that. When you are critical about something, does not mean that you are against it. For example “To be generically against markets is almost as odd as being generically against conversations between people” (Sen, 2001). The market mechanism and capitalism are functional and acceptable, in case they serve people’s basic needs and not only corporations’ interests. In the case of sports and football the problem is not commodification, but hyper-commodification (Walsh and Giulianotti, 2006). Football federations and institutions must

change their business orientation and focus in other aspects of sports as well, such as ethics, education and democracy or in other words they must be more humanistic-oriented. In some way, we should keep the economic aspect of football as the engine that moves the global sport industry, but not unconditional. Football can exist and thrive inside capitalism, but only as if the world matters (Porritt, 2007). In this vein,

> "Whilst financial motives are not morally vicious in themselves and a society in which people are animated by the profit motive receives many material benefits, such motives should not be dominant in the all things considered reasoning of those who play sport and those entrusted with its administration and development" (Walsh and Giulianotti, 2006: 64).

From an educational aspect, football is a sleeping giant. There are thousands of football academies across the world that can develop, apart from football players, potentially virtuous characters. If we see the youth football coaching as also mentoring and educating children for life, then we can adopt a critical pedagogy philosophy for inspiring a value-oriented way of life through football. Olympic education (Naul, 2008) can serve as a good example. But while "Olympism" is a movement of a multi-sport festival that takes place every four years, football's impact in a daily basis is much greater. A systematic educational process through the football academies could harness the power of football to spread the values and virtues of the game across the world, so to contribute in the everlasting struggle to make the world a better place, by giving the paradigm for a holistic human development.

Conclusions

The world is in a crucial crossroad these days. From the one side is the concept of development that prevails the last decades and creates the extreme inequality within and between nations and individuals and the destruction of natural environment. On the other side is the "Human Development" concept, which calls for a complete transformation of our mentality and priorities so to save humanity and our humanism. The second vision of development leaves a gleam of hope for the future. But to keep this hope alive we need to redefine the scope and orientation of our institutions, priorities and values. Critical theory and the critical management research allow us to reflect in the purpose of our current value system, while they also offer the philosophical and theoretical basis we need for an alternative approach. Football is a special case in many people's everyday life that can become, under certain circumstances, a paradigm for an alternative human development process. The intrinsic values, the social and pedagogical significance of sports, together with the great power and influence of football across the world can create an alternative context of solidarity, equality and democracy. The great inequalities and controversies of neoliberalism can be overcome only by adopting a more humanistic notion of development. Football should, must and can change so to offer an alternative paradigm for an equal, peaceful and meaningful world. The beautiful game is a good start to seek for a more beautiful world. But this cannot happen magically. We need to develop it, by changing the theory and practice of development.

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The role of excise taxes in the state's revenue of Greece and their effects on the prosperity indicators of the citizens. Mapping of the results in each Administrative Region. Part I: Forecasting of state's revenues resulting from the recent increase of excise taxes. The case of tobacco products.

P. Liargovas[1], P. Farlekas[1] and C. Papageorgiou[2]

[1] University of Peloponnese, Greece
[2] Middlesex University, UK
E-mail: pfarlek@otenet.gr

ABSTRACT

Selective taxes on goods and services, often referred to as excise taxes, are among the oldest forms of taxation. In practice, most excises have probably been enacted for revenue purposes, the main consideration being that their collectability could be easier than other taxes. Excises on tobacco, alcohol and fuels are considered as reliable sources of revenue, because the products are identified easily and the level of sales is high.

Increasing excise taxes on tobacco, alcohol and fuels may act as a mean for the reduction of consumption of these products, having positive effects on the health, and prosperity of citizens. On the other hand, industry and other experts claim that higher taxes will deter consumption by moderate consumers, but will fail to discourage those who abuse such products, while wealthy people would maintain their consumption level. However, keeping a low level of excise taxes will act negatively on the state's revenues. The exact effect depends on the elasticities of demand for these products.

This work deals with the role of excise taxation in the state's revenue and its possible effect on the welfare of citizens in each one of the 13 Greek administrative regions. Data were collected data from 2005 to 2015, from sources of the Ministry of Finance, by employing a cross-region study over the country. The obtained information for the country and specifically for the 13 regions will be presented across 3 groups of regions: i) urban areas, ii) suburban areas, iii) islands.

Specifically the authors study will deal with i) the investigation of the role of indirect taxation and specifically of the excise taxation per category in the state's revenues, ii) the investigation of reported problems as disadvantages of excise taxation, iii) the investigation of the effect of the imposition of excise tax to public welfare indicators taking as main prosperity index their spending ability, iv) mapping the results of this investigation by region of the country using GIS. The obtained results will be used as indices for the comparison of the impact of excise taxation across the country and specifically in each region of the country.

In this part I of the study a forecasting was carried out in order to estimate the effect of the current increase of excise taxes on the state's revenue. Forecasting was carried out on cigarettes and fine-cut tobacco using an econometric model in logarithms, enabling the estimation of the income and prices demand elasticities and the state's revenues from excise taxes for tobacco products for years 2016 and 2017.

KEYWORDS

Excise, taxation, tobacco, alcohol, fuels.

JEL CLASSIFICATION CODES

H200, H210, H260

1. INTRODUCTION

Increasing excise taxes on tobacco, alcohol and fuels may act as a mean for the reduction of consumption of these products, having positive effects on the health of citizens and as a mean to increase state's revenue. Industry and other experts claim that higher taxes will deter consumption by moderate consumers, but will fail to discourage those who abuse such products, while wealthy people would maintain their level of consumption. However, keeping a low level of excise taxes will act negatively on the state's income. The exact effect depends on the elasticities of demand for these products (Cnossen, 2000).

In the current study, the effect of the recent increase of excise taxation in the state revenues is studied in comparison with the expected results by the Greek Government. After a brief presentation of the changes of excise taxation in Greece for the period 2005 – 2015 for three groups of products, i.e., tobacco products, alcoholic drinks and fuels, the consumption of some main products from each of these groups, affected by the recent increase in excise taxation is presented. A forecasting technique is applied using a simple econometric model in order to estimate the demand elasticities for income and prices of tobacco products, which will enable us to forecast the future of the market of products, in order to estimate the revenues of the Greek state from excise taxes and to compare them with the revenues expected by the Greek government.

2. CHANGES OF THE EXCISE TAXES DURING THE PERIOD 2005 - 2015

The following Figures 1, 2 and 3 show all changes of excise taxation on tobacco, alcohols and fuels from 2005 to 2015 (GG 265A, 2001; GG 169A, 2006; Pavlou et.al., 2013; Maniatis – Danchev, 2013; Danchev et.al., 2014). It is clear that there are significant increases in excise taxation during 2010 and 2011, at the beginning of the Greek economic crisis, as a measure for the increase of state's revenues.

According to the recent decisions of the Greek government, the excise taxes on cigarettes will remain the same for the next two years, i.e. 117,00 €/1.000 pieces while excise taxes on fine-cut tobacco were increased from 156,70 €/Kg to 170,00 €/Kg, starting from 1st of January 2017. Taking also into account the increase on VAT, the price of cigarettes will be higher than 0,18 €/piece and the price of fine-cut tobacco will exceed 0,23 €/gr for the next two years. Also, the excise taxes on beers were increased from 650 €/Hlpa to 1.250 €/Hlpa, starting from 1st of June 2016, and this increase in addition to the increase of VAT will affect the price of beers which will exceed 205 €/Hlit. Additionally, the

excise taxes on gasoline were increased from 670 €/1.000lit to 700 €/1.000lit, while excise taxes on diesel were increased from 330 €/1.000lit to 410 €/1.000lit, starting from 1st of January 2017. Taking into account also the increase on VAT, gasoline prices will form prices which exceed 1,47 €/lit, while the diesel prices will exceed 1,17 €/lit. Finally, the excise taxes on LPG were increased from 330 €/1.000 Kg to 430 €/1.000 Kg, starting from 1st of January 2017 and causing an increase of LPG price by 0,15 €/Kg.

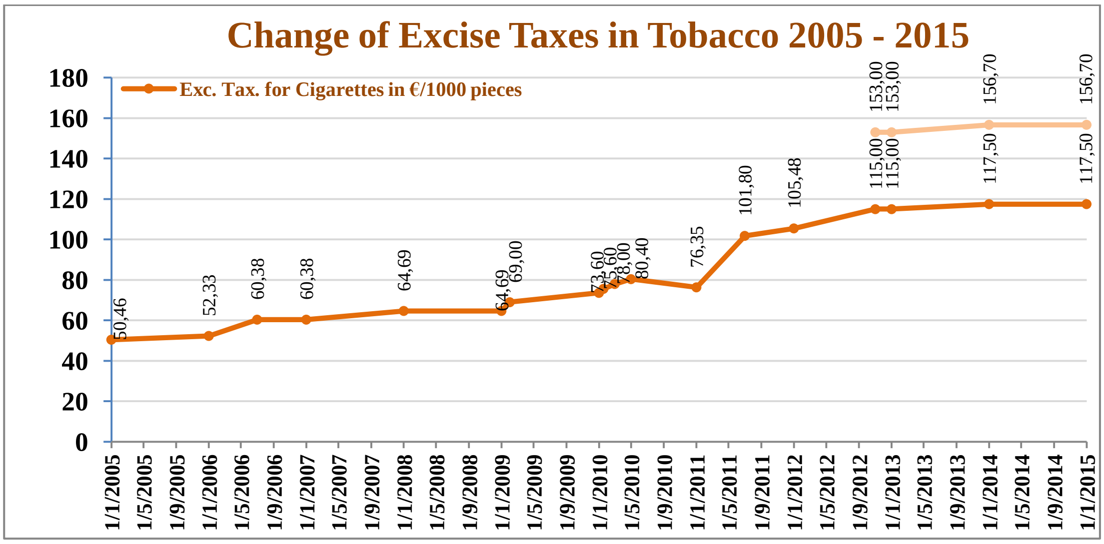


Figure 1. Change of excise taxation in tobacco products during the period 2005 – 2015. Source: GG 265A (2001), GG 169A (2006), Danchev et.al. (2014).

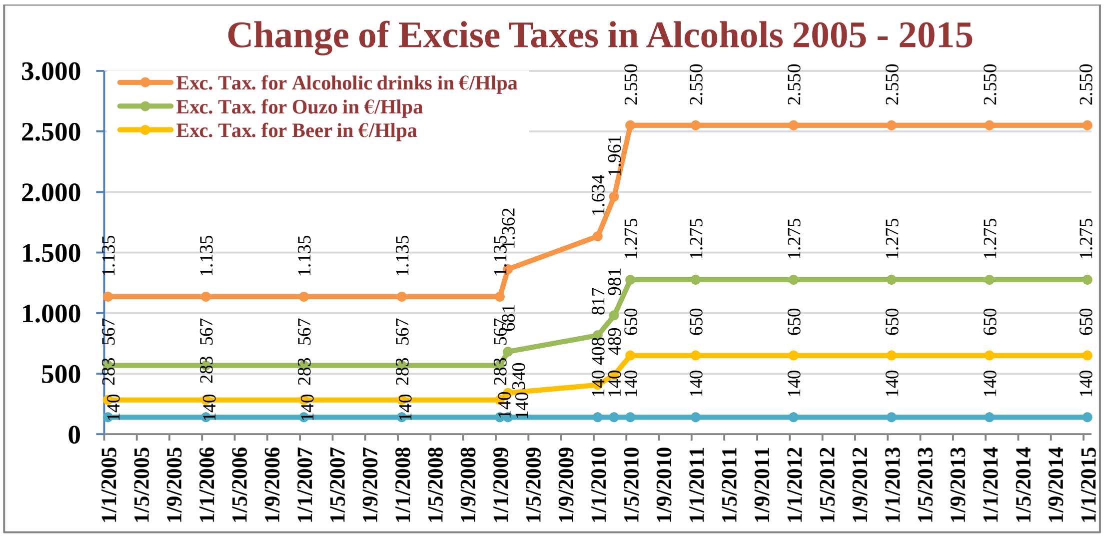


Figure 2. Change of excise taxation in alcoholic products during the period 2005 – 2015. Source: GG 265A (2001), GG 169A (2006), Pavlou et.al. (2013).

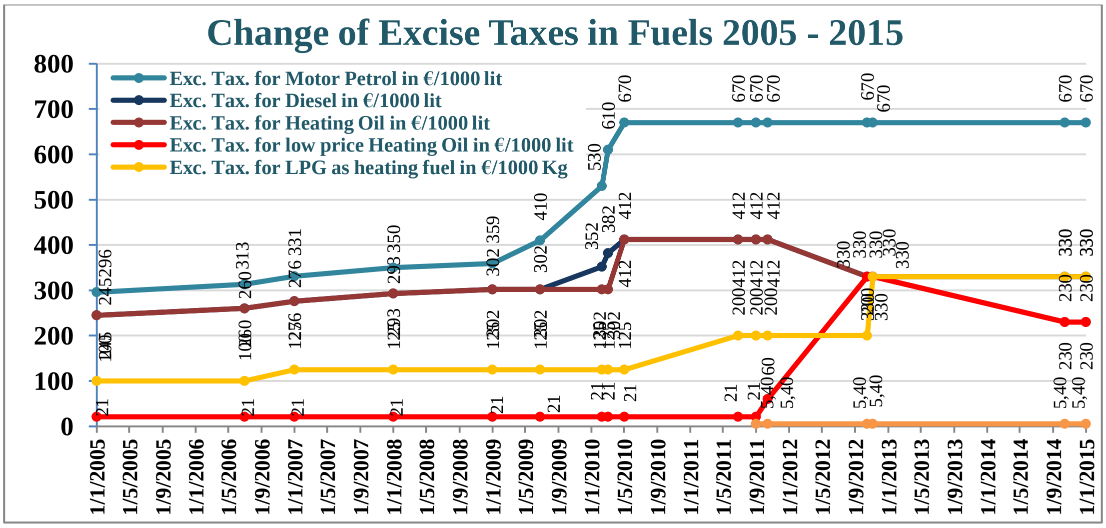


Figure 3. Change of excise taxation in fuels during the period 2005 – 2015.
Source: GG 265A (2001), GG 169A (2006), Maniatis-Danchev (2013).

The impact of all these changes in the state' revenues are shown diagrammatically in Figures 4, 5 and 6, presenting the annual state's revenues from excise taxes in tobacco products, alcohols and fuels, and as percentages of total taxes revenues of the state. It appears that during 2010 the state gained the maximum revenues from excise taxes in alcohols and fuels, while during 2011 the state revenues from excise taxes in tobacco products reached their maximum value. Obviously the changes in the state's revenues from excise taxes are the result of changes in the consumption of these products.

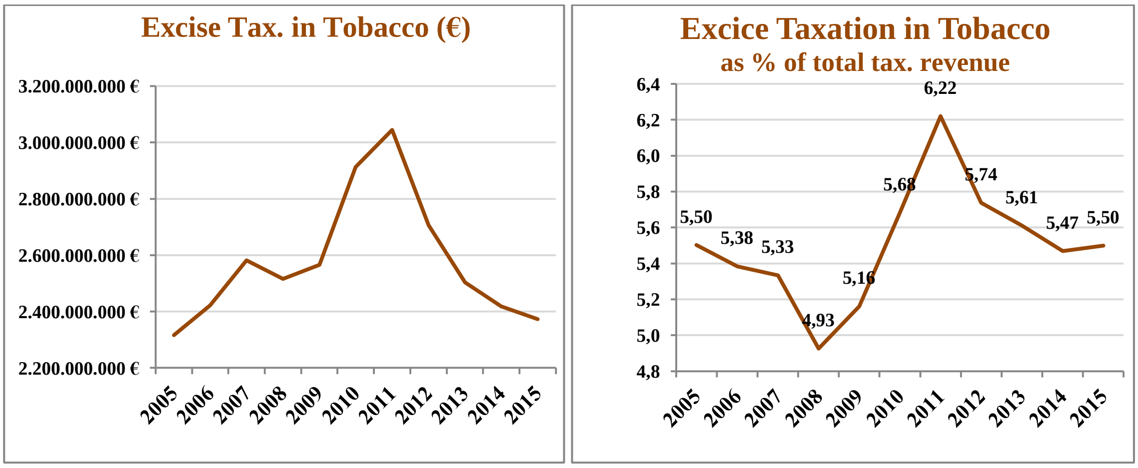


Figure 4. Excise taxation in tobacco products 2005 – 2015 as amount (€) and as % of total tax. revenues. Source: ELASTAT (2016 a).

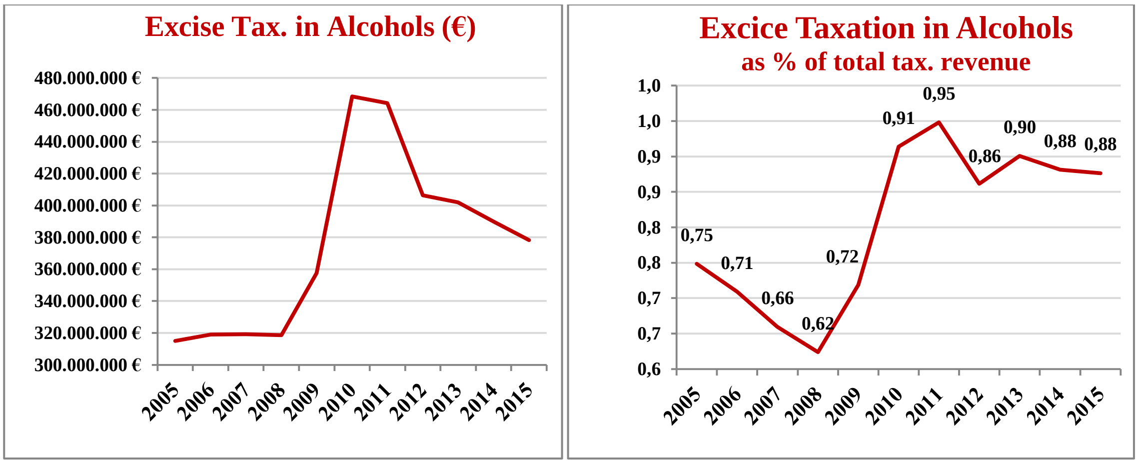


Figure 5. Excise taxation in alcohols 2005 – 2015 as amount (€) and as % of total tax. revenues. Source: ELASTAT (2016 a).

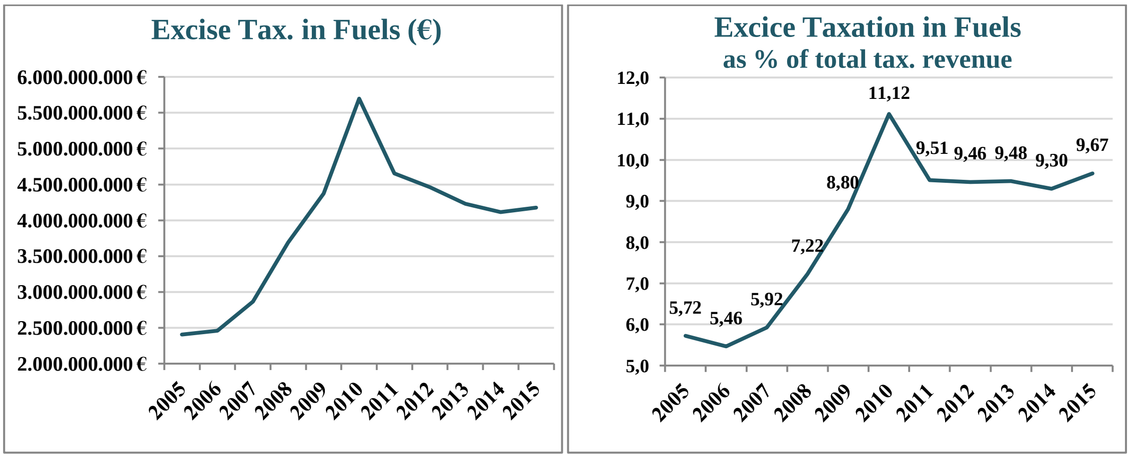


Figure 6. Excise taxation in fuels 2005 – 2015 as amount (€) and as % of total tax. revenues. Source: ELASTAT (2016 a).

3. CHANGES IN CONSUMPTION OF CERTAIN PRODUCTS

The following Figures 8, 9 and 10 show diagrammatically the changes in consumption of tobacco products (cigarettes and fine-cut tobacco), beers and fuels (gasoline and diesel), respectively, for years 2008 – 2015. It becomes clear that the effect of the economic crisis, expressed as decrease in the gross domestic product and the national net disposable income, followed by increase in prices, resulting from several increases of excise taxes, could explain in a great degree the recent changes in the consumption of these products. Thus, the decrease of the Net National Disposable Income, as shown in Figure 7, decreases the purchasing power of consumers (income effect), leading to the decrease of demand for almost all products, while, the increase of prices of several products, due to the increase of the excise taxes for these products, also decreases the consumption of these products and may increase the consumption of substitutes having lower prices (substitution effect).

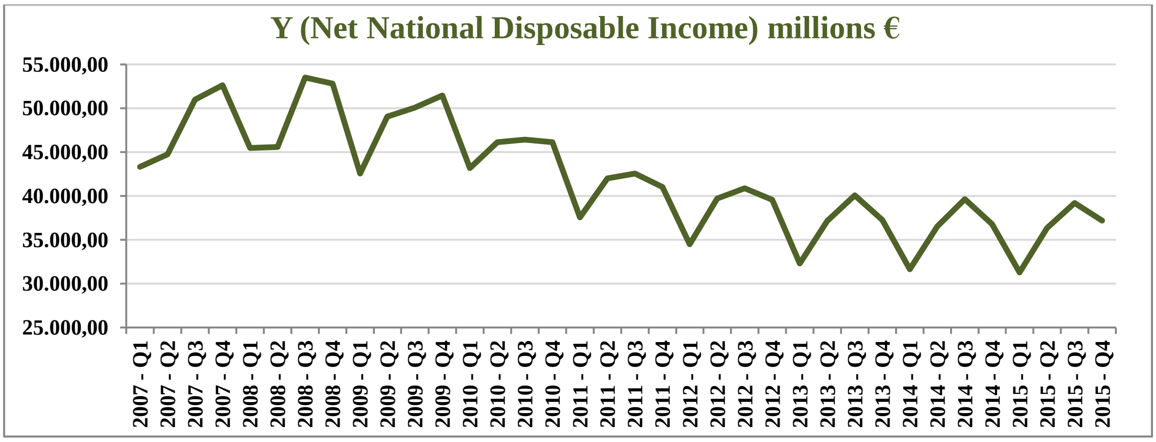


Figure 7. Changes in the National Disposable Income of Greece, 2007 – 2015.
Source: ELSTAT (2016 b)

These changes are affected also by other factors, such as the prices of complements, the level of promotion, the influence of tourists in the level of consumption and several other social and demographic factors.

The market of **tobacco products** is following a downward trend by -42,8% during the period 2008 – 2015, as shown in Figure 9. These market developments are attributable to the recession and the increase in prices. Prices rose mainly due to increased taxation as shown in Figure 8. As it is shown in Figure 1, excise taxes were increased by +81,6% during the period 2008 – 2015 for cigarettes and even more for fine-cut tobacco. Recession, excise taxes and other taxes increase, have a negative impact on the progress of the tobacco industry, contributed to the rise of illegal trade, with a negative final result in the state's revenues.

The market of **beers** is following also a continuous downward trend by -16,0 % during the period 2008 – 2015, as shown in Figure 10. The market was also affected by the recession and the increase in prices. In this case the rice of prices was mainly the result of taxes increase. Excise taxation was increased by +129,7% during the period 2008 – 2015, as it is shown in Figure 2. Again, in this case recession, excise taxes and other taxes increase, have a negative impact on the progress of the beers industry, by turning consumers into lower taxed or untaxed categories of spirit drinks, while illegal manufacturing of bulk spirits was increased, causing a significant reduction of revenues from excise taxes in alcoholic beverages. In the same time, there was a deterioration of competitiveness of our country's tourism product, affecting many tourist enterprises.

The market of **fuels** has also similar continuous downward trend by -39,9 % for gasoline during the period 2008 – 2015, as shown in Figure 11, while there is a continuous downward trend by -33,8 % for diesel during the period 2008 – 2013, and a stability during years 2014 and 2015. In the case of these fuels, prices were affected by both taxes and international prices of oil. Excise taxes were increased by +91,4% for gasoline during the period 2008 – 2015, as it is shown in Figure 3, while for diesel there was an increase in excise taxes by +36,4% during the period 2008 – 2011, followed by a decrease of -

19,9% during the period 2011 – 2015. The effect of international oil prices decrease on the price of gasoline and diesel is also obvious during the last two years.

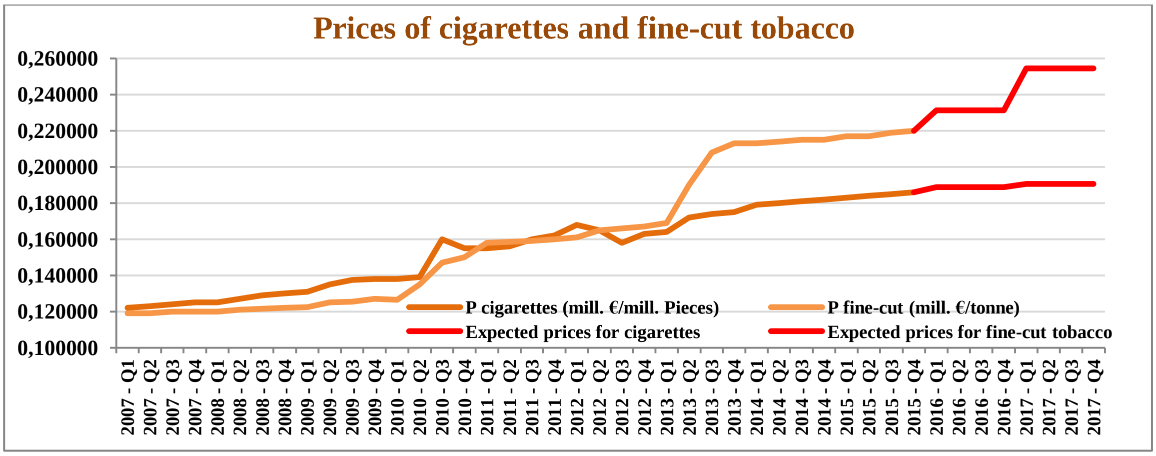


Figure 8. Prices of cigarettes and fine-cut tobacco, 2007 – 2015.
Source: Danchev et.al. (2014) and authors estimates.

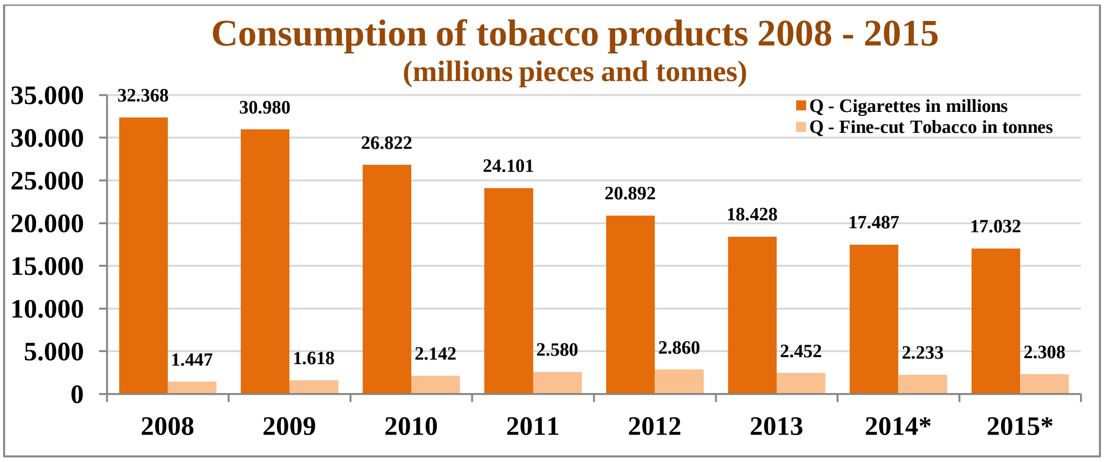


Figure 9. Consumption of cigarettes and fine-cut tobacco 2008 – 2015 in millions of pieces and tonnes.

Source: Danchev et.al. (2014) and authors estimates (*).

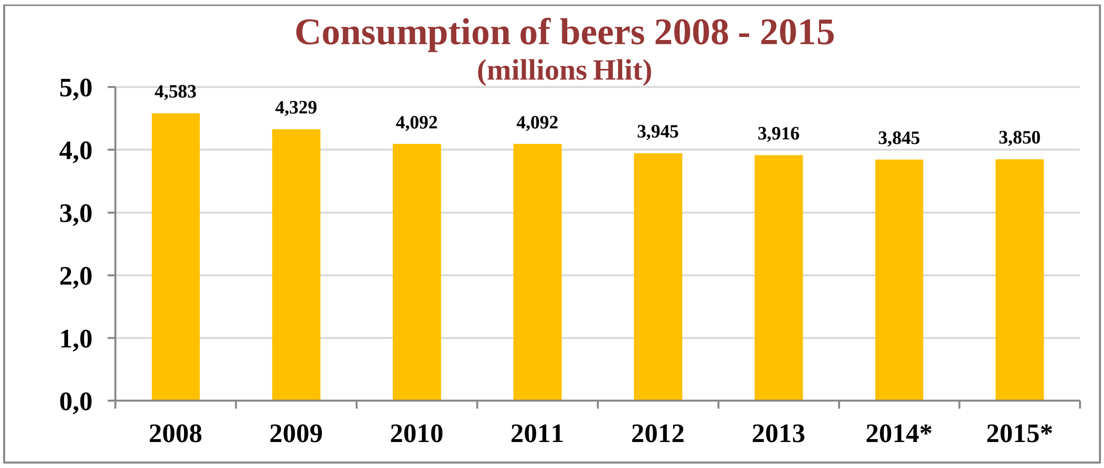


Figure 10. Consumption of beers 2008 – 2015 in millions Hlit, Source: Van de Walle (2015).

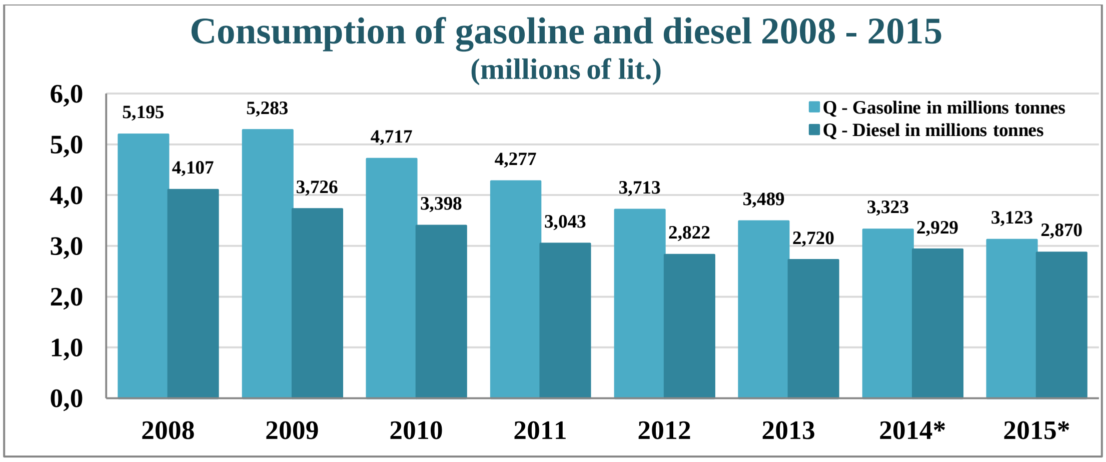


Figure 11. Consumption of car petrol and diesel 2008 – 2015 in millions of lit.
Source: Maniatis-Danchev (2013) and authors estimates (*).

4. ECONOMETRIC MODEL AND FORECASTING TECHNIQUE

For the purpose of this study it is useful to quantify the effects of income and prices, which will enable us to forecast the future of the market of **cigarettes** and **fine-cut tobacco**, in order to estimate revenues of the Greek state from excise taxes for these products. In this context, it was used an econometric model for the demand (dependent variable) of these products in Greece, with focuses on demand elasticities for net national disposable income and product price (independent variables), since demand's elasticity is a measure of its responsiveness to changes in both, income and price.
Provided that (Jenkins et.al, 2000):

$$Q = f(Y, P, \dots) \qquad \text{(Eq. 1)}$$

where:

Q : **Demand**
Y : **Net National Disposable Income**
P : **Price of product**

The model is estimated in logarithms, and the rates derived from this logarithmic transformation of the original variables are the income Y and price P elasticities respectively. According to the model, which will be used for the case of **cigarettes**, the parameters a, b are the elasticities, which show the effect of the income and the prices changes (Jenkins et.al, 2000):

$$\ln(Q) = a \ln(Y) + b \ln(P) + \text{constant} \qquad \text{(Eq. 2)}$$

where:

a : **Income elasticity**
b : **Price elasticity**

Also, for the case of substitutes, as it is the case of cigarettes for the **fine-cut tobacco**, the price of substitute product is also considered and included in the equation and the form of Eq. 2 becomes (Jenkins et.al, 2000):

$$\ln(Q_m) = a\ln(Y) + b_m\ln(P_m) + b_s\ln(P_s) + \text{constant} \qquad \textbf{(Eq. 3)}$$

where:

- Q_m : **Demand** of main product
- Y : **Net National Disposable Income**
- P_m : **Price** of main product
- P_s : **Price** of substitute
- a : **Income elasticity**
- b_m : **Price elasticity** of main product
- b_s : **Price elasticity** of substitute

To achieve the conclusions of this study we used the SPSS software. Data consist of dependent variable which is the Demand (Q) and independent variables which are the Net National Disposable Income (Y) and the Prices (P). The analyzed information is provided mainly by ELSTAT (2016 a, 2016 b) and the Foundation for Economic & Industrial Research. Data were analyzed through Beta coefficient in order to understand the connection between dependent and independent variables. The coefficient of determination R-square is used to explain the dependent variables in the regression analyses. Also, t-statistics is used to identify the significance of each dependent variable with the independent variable and the F-test is used to test the significance of all independent variables. Standard Error of Estimation is used to test the level of confidence and multiple regression analysis.

It should be noted that, even though the demand income and price elasticities obtained by the regression analysis seem reasonable, the regression output should be still considered an approximation, as the eight year data series is not large enough, although it covers the time period from the beginning of the Greek economic crisis.

5. RESULTS OF THE REGRESSION ANALYSIS

As shown in Table 1 of Appendix 1, the basic information needed in order to calculate price elasticity consists of the time-series for the quantity demanded, prices in the marketplace and income information.

Using the nine year period 2007 – 2015, divided in 36 quarters of year, the regression outputs are shown in Tables 2 and 3 of Appendices 2 and 3, based on data shown in Appendix 1. As it was mentioned previously, Eq. 2 was used as the model for cigarettes, while Eq. 3 was used as the model for fine-cut tobacco. The results obtained from the **cigarettes** regression model gives a price elasticity of demand b = - 0,665, while the income elasticity of demand was found a = 1,270. The results obtained from the **fine-cut tobacco** regression model gives a price elasticity of demand b = **-** 1,369, while the income elasticity of demand was found a = 0,411, although its significance exceeds 0,05.

But it is important to mention that calculation of price elasticities, as is true with most of the forecasting techniques, is an information-intensive task.

Calculated results for the demands of cigarettes and fine-cut tobacco are shown diagrammatically in Figures 12 and 13 and numerically in Table 4 of Appendix 4, where, the obtained results from the used models are compared with the actual demands of cigarettes and fine-cut tobacco for the period of time 2007 – 2015. Additionally, the demands of cigarettes and fine-cut tobacco for the period of time 2016 – 2017 were calculated using the Eq. 2 and Eq. 3 respectively and are shown in the same Figures 12 and 13 and Table 4 of Appendix 4.

From the obtained results for prices and income elasticities, it is clear that cigarettes smokers initially react to a price increase in cigarettes, by consuming fine-cut tobacco. But most of them return to cigarettes consumption as soon as their income increases, or as soon as the price of fine-cut tobacco increases too. On the other hand, income increase does not lead to a similar increase in fine-cut tobacco consumption. Generally, an increase of 10% in consumers income results in a corresponding increase of 12,7 % in cigarettes consumption, while a cigarettes price increase of 10% results in a decrease of 6,65% in cigarettes consumption. Also, an increase of 10% in consumers income results in a corresponding increase of only 4,11 % in fine-cut tobacco consumption, while a fine-cut tobacco price increase of 10% results in a decrease of 13,69% in fine-cut tobacco consumption.

From the calculated results, shown in Table 4 of Appendix 4, for years 2016 and 2017, we may estimate the state's revenues from excise taxes in tobacco products, knowing that excise taxes for cigarettes will be 0,1175 €/piece for both years 2016 and 2017, while excise taxes for fine-cut tobacco will be 0,1567 €/gr for year 2016 and 0,1700 €/gr for year 2017. As it is shown in Table 5 of Appendix 5, revenues from excise taxes of cigarettes for years 2016 and 2017 are **4.063,85 millions €** for both years, while revenues from excise taxes of fine-cut tobacco for years 2016 and 2017 are **812,72 millions €** for both years. Thus, the total amount of excise taxes revenues is expected to be **4.876,57 millions €**, with a total increase of **130,13 millions for both years**, if compared with the amount of 2.373,22 millions € for 2015 (see Table 1 of Appendix 1). But almost 40% of this increase is expected to be the excise taxes of cigarettes during 2017, while the rest 60% is expected to be the excise taxes of fine-cut tobacco, divided equally for years 2016 and 2017. Obviously the increase of fine-cut tobacco price during 2017, partially as a result of the increase of the excise taxation of this product during 2017, and the expected increase in income by 2,7% during 2017, will affect positively the demand of cigarettes and the excise taxes revenues from cigarettes during 2017.

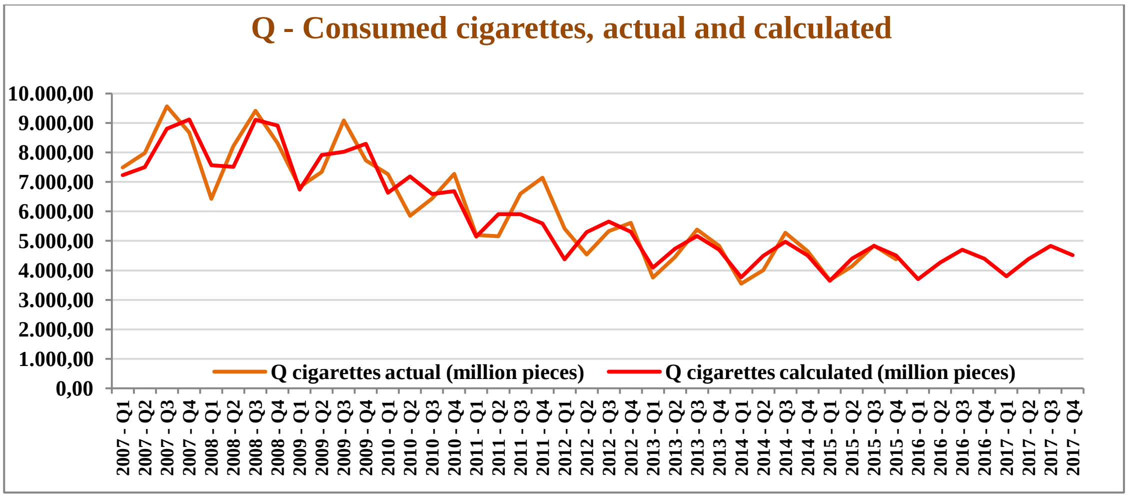


Figure 12. Consumed cigarettes, actual, calculated and expected.
Source: ELSTAT (2016 a), Danchev et.al. (2014) and authors calculations.

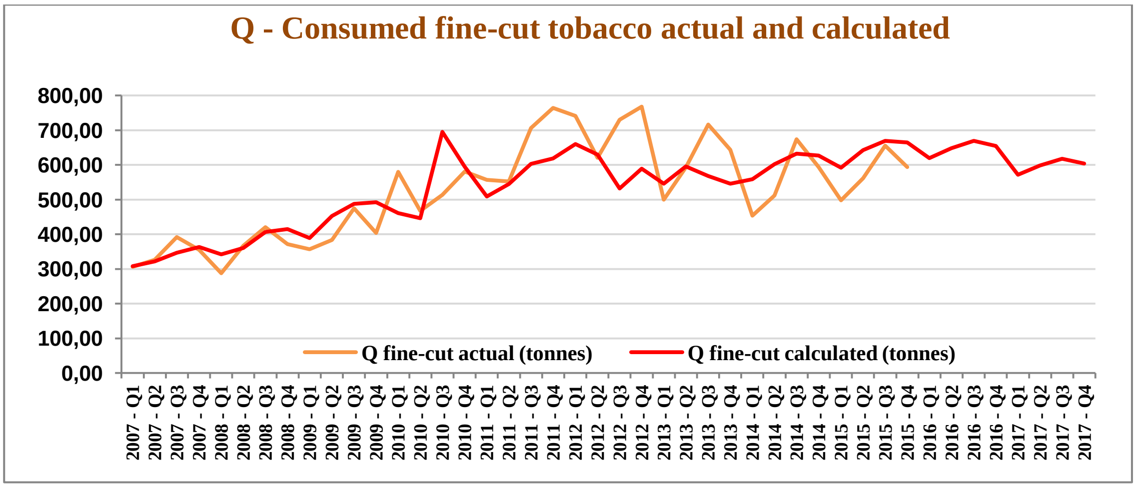


Figure 13. Consumed fine-cut tobacco, actual, calculated and expected.
Source: ELSTAT (2016 a), Danchev et.al. (2014) and authors calculations.

It is important to mention that the expected increase in excise taxes revenues for tobacco products by the Greek government, for both years 2016 and 2017, was 120 millions €.

6. CONCLUSION

From the previous analysis we may conclude that:

- During 2010 the state gained the maximum revenues from excise taxes in alcohols and fuels, while during 2011 the state revenues from excise taxes in tobacco products reached their maximum value.
- The decrease of the Net National Disposable Income, after 2009, decreased the purchasing power of consumers, leading to the decrease of demand for almost all products and the decrease of revenues from excise taxes.

- Also, the increase of prices of several products, due to the increase of the excise taxes for these products, decreases the consumption of these products and may increase the consumption of substitutes having lower prices (substitution effect), as it happened with cigarettes and fine-cut tobacco.
- The exact effect of changing excise taxation depends on the elasticities of demand of these products.
- Using actual data for the demand of cigarettes and fine-cut tobacco and logarithmic models in order to estimate the demand elasticities of these products, a linear regression was carried out. It was found that an increase of 10% in consumers income results in a corresponding increase of 12,7 % in cigarettes consumption, while a cigarettes price increase of 10% results in a decrease of 6,65% in cigarettes consumption. Also, an increase of 10% in consumers income results in a corresponding increase of only 4,11 % in fine-cut tobacco consumption, while a fine-cut tobacco price increase of 10% results in a decrease of 13,69% in fine-cut tobacco consumption.
- It seems that the total increase of excise taxes revenues will be 130,13 millions for both years. But almost 40% of this increase is expected to be the excise taxes revenues of cigarettes during 2017, while the rest 60% is expected to be the excise taxes revenues of fine-cut tobacco, divided equally for years 2016 and 2017. Obviously the increase of fine-cut tobacco price during 2017, partially as a result of the increase of the excise taxation of this product during 2017, and the expected increase in income by 2,7% during 2017, will affect positively the demand of cigarettes and the excise taxes revenues from cigarettes during 2017
- The finally expected increase in excise taxes revenues for tobacco products by the Greek government, for years 2016 and 2017, was 120 millions € and it seems that it can be done, but not only due to the increase of excise taxation of fine-cut tobacco.

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APPENDICES

Appendix 1. Summarized main data for tobacco products

Table 1. Main data for tobacco products for the period of time 2007 – 2015.
Source: ELSTAT (2016 a), ELSTAT (2016 b), Danchev et.al. (2014) and authors calculations.

Period of time	Y (NNDI) (millions €)	T (ex taxes) (millions €)	Q cigarettes (million pieces)	P cigarettes (mill.€/mill.pieces)	Tr cigarettes (mill.€/mill pieces)	Q fine-cut (tonnes)	P fine-cut (mill. €/tonne)	Tr fine-cut (mill. €/tonne)
2007 - Q1	43.309,77	573,38	7.486,02	0,122000	0,060380	306,27	0,119000	
2007 - Q2	44.755,74	610,76	7.974,08	0,123000	0,060380	326,24	0,119000	
2007 - Q3	50.982,32	732,77	9.567,10	0,124000	0,060380	391,41	0,120000	
2007 - Q4	52.639,50	664,74	8.678,81	0,125000	0,060380	355,07	0,120000	
2008 - Q1	45.470,67	499,90	6.430,69	0,125000	0,064690	287,48	0,120000	
2008 - Q2	45.564,66	638,55	8.214,26	0,127000	0,064690	367,22	0,121000	
2008 - Q3	53.482,71	731,34	9.407,88	0,129000	0,064690	420,58	0,121500	
2008 - Q4	52.807,46	646,39	8.315,17	0,130000	0,064690	371,73	0,122000	
2009 - Q1	42.537,95	565,39	6.825,62	0,131000	0,067560	356,48	0,122500	
2009 - Q2	49.041,12	607,89	7.338,77	0,135000	0,069000	383,28	0,125000	
2009 - Q3	50.055,57	752,51	9.084,65	0,137500	0,069000	474,47	0,125500	
2009 - Q4	51.450,44	640,38	7.730,96	0,138000	0,069000	403,77	0,127000	
2010 - Q1	43.169,02	788,64	7.261,69	0,138000	0,070070	579,92	0,126500	
2010 - Q2	46.141,06	635,53	5.851,88	0,139000	0,079600	467,33	0,135000	
2010 - Q3	46.412,03	699,00	6.436,25	0,160000	0,080400	514,00	0,147000	
2010 - Q4	46.135,99	789,78	7.272,18	0,155000	0,080400	580,76	0,150000	
2011 - Q1	37.543,14	656,93	5.200,41	0,155000	0,076350	556,70	0,158000	
2011 - Q2	41.990,00	651,23	5.155,25	0,156000	0,076350	551,87	0,158500	
2011 - Q3	42.536,13	833,92	6.601,48	0,160000	0,101800	706,68	0,159000	
2011 - Q4	41.004,86	902,44	7.143,87	0,162000	0,101800	764,75	0,160000	
2012 - Q1	34.483,23	701,54	5.414,32	0,168000	0,105480	741,19	0,161000	
2012 - Q2	39.710,71	587,39	4.533,32	0,165000	0,105480	620,59	0,165000	
2012 - Q3	40.891,10	691,25	5.334,86	0,158000	0,105480	730,31	0,166000	
2012 - Q4	39.547,16	726,84	5.609,51	0,163000	0,111830	767,91	0,167000	0,153000
2013 - Q1	32.307,19	510,04	3.754,88	0,164000	0,115000	499,62	0,169000	0,153000
2013 - Q2	37.141,06	605,24	4.455,72	0,172000	0,115000	592,87	0,190000	0,153000
2013 - Q3	40.060,93	731,06	5.381,99	0,174000	0,115000	716,12	0,208000	0,153000
2013 - Q4	37.250,94	656,81	4.835,41	0,175000	0,115000	643,39	0,213000	0,153000
2014 - Q1	31.650,98	491,46	3.552,84	0,179000	0,117500	453,68	0,213000	0,156700
2014 - Q2	36.519,13	554,15	4.006,03	0,180000	0,117500	511,55	0,214000	0,156700
2014 - Q3	39.638,45	730,47	5.280,65	0,181000	0,117500	674,31	0,215000	0,156700
2014 - Q4	36.776,42	642,89	4.647,49	0,182000	0,117500	593,46	0,215000	0,156700
2015 - Q1	31.271,58	512,04	3.674,82	0,183000	0,117500	497,97	0,217000	0,156700
2015 - Q2	36.333,20	577,05	4.141,35	0,184000	0,117500	561,19	0,217000	0,156700
2015 - Q3	39.197,37	673,99	4.837,03	0,185000	0,117500	655,46	0,219000	0,156700
2015 - Q4	37.181,35	610,14	4.378,81	0,186000	0,117500	593,37	0,220000	0,156700
2016 - Q1 *	32.128,72			0,188737	0,117500		0,231362	0,156700
2016 - Q2 *	35.917,66			0,188737	0,117500		0,231362	0,156700
2016 - Q3 *	38.749,07			0,188737	0,117500		0,231362	0,156700
2016 - Q4 *	36.756,11			0,188737	0,117500		0,231362	0,156700
2017 - Q1 *	32.996,19			0,190625	0,117500		0,254498	0,170000
2017 - Q2 *	36.887,44			0,190625	0,117500		0,254498	0,170000
2017 - Q3 *	39.795,29			0,190625	0,117500		0,254498	0,170000
2017 - Q4 *	37.748,52			0,190625	0,117500		0,254498	0,170000

* Expected values (for NNDI it is expected -0,3% for 2016 and +2,7% for 2017).

Appendix 2. Linear Regression for Cigarettes

Table 2. Linear Regression for cigarettes.

Cigarettes

Variables Entered/Removed[a]

Model	Variables	Variables	Method
1	ln(P), ln(Y)[b]		Enter

a. Dependent Variable: ln(Q)
b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,938[a]	,879	,872	,10240

a. Predictors: (Constant), ln(P), ln(Y)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,517	2	1,258	119,992	,000[b]
	Residual	,346	33	,010		
	Total	2,863	35			

a. Dependent Variable: ln(Q)
b. Predictors: (Constant), ln(P), ln(Y)

Coefficients[a] Cigarettes

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-6,072	1,786		-3,399	,002	-9,706	-2,438
	ln(Y)	1,270	,194	,649	6,544	,000	,875	1,665
	ln(P)	-,665	,197	-,335	-3,377	,002	-1,066	-,264

a. Dependent Variable: ln(Q)

MODEL

$$\ln(Q) = 1{,}270 \ln(Y) - 0{,}665 \ln(P) - 6{,}072 \qquad R^2 = 0{,}879$$

Appendix 3. Linear Regression for Fine-cut tobacco

Table 3. Linear Regression for fine-cut tobacco.

Fine-cut tobacco

Variables Entered/Removed[a]

Model	Variables Entered	Variables	Method
1	ln(Ps), ln(Y), ln(Pm)[b]		Enter

a. Dependent Variable: ln(Q)
b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,846[a]	,715	,688	,15529

a. Predictors: (Constant), ln(Ps), ln(Y), ln(Pm)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,935	3	,645	26,749	,000[b]
	Residual	,772	32	,024		
	Total	2,707	35			

a. Dependent Variable: ln(Q)
b. Predictors: (Constant), ln(Ps), ln(Y), ln(Pm)

Coefficients[a] Fine-cut tobacco

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	6,782	2,931		2,314	,027	,812	12,751
	ln(Y)	,411	,302	,216	1,362	,183	-,204	1,025
	ln(Pm)	-1,369	,470	-1,146	-2,911	,007	-2,326	-,411
	ln(Ps)	3,970	,745	2,058	5,329	,000	2,453	5,488

a. Dependent Variable: ln(Q)

MODEL

$$\ln(Q) = 0,411 \ln(Y) - 1,369 \ln(P_m) + 3,970 \ln(P_s) + 6,782 \qquad R^2 = 0,715$$

Appendix 4. Calculated quantities vs actual quantities

Table 4. Calculated quantities of cigarettes and fine-cut tobacco vs actual quantities. Source: Authors calculations

Period of time	Q cigarettes actual (million pieces)	Q cigarettes calculated (million pieces)	Q fine-cut actual (tonnes)	Q fine-cut calculated (tonnes)
2007 - Q1	7.486,02	7.231,55	306,27	307,68
2007 - Q2	7.974,08	7.498,73	326,24	322,14
2007 - Q3	9.567,10	8.800,24	391,41	346,95
2007 - Q4	8.678,81	9.116,28	355,07	362,93
2008 - Q1	6.430,69	7.569,55	287,48	341,75
2008 - Q2	8.214,26	7.509,73	367,22	360,17
2008 - Q3	9.407,88	9.109,30	420,58	407,00
2008 - Q4	8.315,17	8.917,57	371,73	415,14
2009 - Q1	6.825,62	6.741,48	356,48	389,40
2009 - Q2	7.338,77	7.916,52	383,28	452,51
2009 - Q3	9.084,65	8.026,52	474,47	488,14
2009 - Q4	7.730,96	8.291,60	403,77	492,77
2010 - Q1	7.261,69	6.635,02	579,92	460,98
2010 - Q2	5.851,88	7.185,88	467,33	446,02
2010 - Q3	6.436,25	6.592,81	514,00	695,63
2010 - Q4	7.272,18	6.682,68	580,76	595,06
2011 - Q1	5.200,41	5.143,67	556,70	509,21
2011 - Q2	5.155,25	5.904,15	551,87	544,61
2011 - Q3	6.601,48	5.901,63	706,68	602,80
2011 - Q4	7.143,87	5.586,79	764,75	618,48
2012 - Q1	5.414,32	4.376,42	741,19	659,81
2012 - Q2	4.533,32	5.298,76	620,59	629,43
2012 - Q3	5.334,86	5.660,45	730,31	531,91
2012 - Q4	5.609,51	5.313,98	767,91	588,87
2013 - Q1	3.754,88	4.093,80	499,62	546,28
2013 - Q2	4.455,72	4.734,51	592,87	595,37
2013 - Q3	5.381,99	5.172,22	716,12	568,10
2013 - Q4	4.835,41	4.697,97	643,39	546,02
2014 - Q1	3.552,84	3.762,96	453,68	558,61
2014 - Q2	4.006,03	4.496,04	511,55	601,81
2014 - Q3	5.280,65	4.970,93	674,31	632,21
2014 - Q4	4.647,49	4.503,09	593,46	626,60
2015 - Q1	3.674,82	3.651,70	497,97	591,57
2015 - Q2	4.141,35	4.402,17	561,19	642,94
2015 - Q3	4.837,03	4.830,05	655,46	669,27
2015 - Q4	4.378,81	4.500,61	593,37	664,91
2016 - Q1		3.702,48		619,39
2016 - Q2		4.265,60		648,41
2016 - Q3		4.697,11		668,95
2016 - Q4		4.392,46		654,59
2017 - Q1		3.804,64		571,76
2017 - Q2		4.383,29		598,56
2017 - Q3		4.826,71		617,51
2017 - Q4		4.513,65		604,26

Appendix 5. Estimated revenues from excise taxes in tobacco products for years 2016 and 2017

Table 5. Estimated revenues from excise taxes in tobacco products for years 2016 and 2017.
Source: Authors calculation.

Period of time	Tr cigarettes (mill. €/mill. Pieces)	Q cigarettes calculated (million pieces)	T (excise taxes) for cigarettes (millions €)	Tr fine-cut tobacco (mill. €/mill. Pieces)	Q fine-cut calculated (tonnes)	T (excise taxes) for fine-cut tob. (millions €)
2016 - Q1	0,117500	3.702,48	435,04	0,156700	619,39	97,06
2016 - Q2	0,117500	4.265,60	501,21	0,156700	648,41	101,61
2016 - Q3	0,117500	4.697,11	551,91	0,156700	668,95	104,82
2016 - Q4	0,117500	4.392,46	516,11	0,156700	654,59	102,57
2017 - Q1	0,117500	3.804,64	447,05	0,170000	571,76	97,20
2017 - Q2	0,117500	4.383,29	515,04	0,170000	598,56	101,76
2017 - Q3	0,117500	4.826,71	567,14	0,170000	617,51	104,98
2017 - Q4	0,117500	4.513,65	530,35	0,170000	604,26	102,72
TOTAL			4063,85			812,72

Dimension and contribution of Social Networking Media in the instrumentalization of the educational process. A first theoretical investigation.

Boulouta K.[1], Karagiannis S.[2], Skordoulis M.[3]

[1]PhD candidate, Computer Engineering & Informatics Department, University of Patras, 26504, Patras, Greece, bouconsta@gmail.com

[2]Associate Professor, Department of Economic Regional Development University of Panteion, Athens, Greece, s.karagiannis@panteion.gr

[3]MBA-TQM, Business Administration Department, University of Piraeus, 18534, Piraeus, Greece, mskordoulis@gmail.com

Abstract

The objective of our paper is the "outstanding" contribution of Facebook and its integration in each theme, in addition to the educational process at all levels of education. Essentially we explore the modern educational tools that are consubstantial with the technological means and they have direct access - accessibility to the increase of knowledge and information.

Firstly the fundamental for researcher, the everyday use/connection of social networking Media in education, in the entire world (from undergraduates, researchers, and teachers) is a new reality that facilitates among others the education policy and procedure. The social networking sites can and provide today many promising, both formal and informal ways of learning, which are complementary of the classical educational process. Our small scale research, resulted that the tools of social networking, can support educational activities as they contribute to the interaction, synergy, active cooperation, information distribution aiming at the development of judgmental thinking. It is essential that we know today that social networking facilitate learning because of their active role.

Keywords: Social Networking sites, New Technologies, Education, Facebook.

1. Introduction

The development of New Technologies of Information and Communication in recent years had a great impact on modern's world life. Initially it was used for specialized and specific scientific purposes. Subsequently, on the basis of their progress and development they have found their application in everyday human life. They influenced all its activities and the result of new technologies and information had an impact in education. Education is seen as the most important investment of each country and essential element for the progress of each person, which will contribute to the progress and development of all mankind. Besides, this has proven by history itself (Boulouta, 2015).

Teaching approach of all subjects with the use of IT is now considered necessary with the involvement of both the student and the teacher. It is also characteristic the fact that the digital services of an educational organization are now part of one of the main characteristics of its quality (Lengnich, 1996). The teacher will be the facilitator and the partner to the student so as to utilize the computer and generally the information technology to his advantage. Therefore it is no longer necessary the use of the computer in the teaching process. The reasons for which this should happen are many:

- The Computer is a dynamic communicative learning tool for the student. He can derive information material (that is lasting, accessible and feedback available) from electronic cyclopedias or the Internet.
- He deepens and enriches into the teaching module he had elaborated, with the right educational software.
- The Computer reduces the cost of training and personalizes teaching.
- He can create material, relevant to what he has been taught, with team's cooperation, (of which he is a member), in the classroom during the teaching process.
- Ultimately he gets familiar with a tool which is indispensable in our daily modern life.

The daily use of social networks all over the world from students is a new reality, which concerns the educational community and is now under research whether social networks can be used in the learning process. Social networking sites can provide many promising, both formal and informal ways of learning, complementary to classical educational process. Surveys have shown that social networking tools can support educational activities, as they contribute to the interaction, the cooperation, the active involvement, sharing of resources and information, as well as the development of critical thinking. Social networks facilitate learning (Mazman & Usluel, 2010), because of their active role.

The long daily involvement of teachers and students (undergraduate, graduate) in the social networking media should be explored as to the benefits of use, the opportunities and risks that might hide. There are several proposals, opinions and concerns by researchers, teachers and students. Some regard it as a natural progression in the current practice of teaching, some are reluctant to change, because they feel under pressure in the organization they work, while others are interested in new technologies, but do not know how to start using them. So their inclusion in the educational process is considered necessary, if no further problems arise in communication, socialization, in shaping behavior and in any other change that eventually might be caused.

2. New technologies and education

The use of new technologies in education has enriched teaching with image, animation, audio and the possibility of interaction. These data, in the first place, make the learning environment more attractive for the student, and secondly help him to understand difficult and abstract concepts. They also give the course a more enjoyable and more realistic form and this has an effect on attracting student's attention and interest, which is particularly desirable in the educational practice, since the simple interest is expected to turn into learning and active involvement. That makes the ICT contribute, to visualize the subject curricula and consequently, to activate and motivate the student. Indeed, ICT helps to motivate that kind of students, who are not motivated by traditional teaching.

The technological means have facilitated the access to knowledge and information. The internet by search engines, provide varied and latest knowledge without space-time restrictions so we could tell that completes the operation of the only existing hard copy. Also, ICTs promote active learning by allowing the learner to control and manage the process whereby learning. That gives him the opportunity, through a wide variety of actions, to build the knowledge himself, depending on his interests, through methods such as discovery and experimentation. At this point self-assessment and development of critical thinking are involved, data that are necessary for their future professional and personal development (Becker, 2000).

The teaching approach of all subjects with the use of IT is now considered necessary with the involvement of both the student and the teacher. The teacher will be the facilitator and partner to the

student in order for the latter to utilize the computer and generally the information technology to his advantage. It is essential therefore to use the computer in the teaching process (Boulouta, 2015). The reasons why this should happen are many. The computer is a dynamic communicative learning tool for the student. He can derive information material from electronic cyclopedias or the Internet. With the right educational software, he deepens and enriches the teaching module he has elaborated. With the cooperation of the group to which he is a member, in the classroom during the teaching process, he can create material relevant to what he has been taught. Finally he is familiar with a tool that is necessary in daily modern life (Becker, 2000).

3. Social networking and education

Definition

What is a social networking? The term "Social Networking", was firstly used in 1954, by J.A. Barnes, to indicate ways and forms of social links. The Walker, MacBride, and Vachon (1977) have defined as social networking, the sum of personal contacts through which the individual maintains his social identity, receives emotional support, material support and participation in services, has access to information and creates new social and professional contacts. According to Kaplan & Haenlein (2010) "the Social Media is a set of web applications, which are based on ideology and technique of Web 2.0 and allow creation and exchange of material that is generated and managed by users".

We characterize as social media those web services that allow in an easy way their members to create a public or semi-public profile. In this case there are limitations, created by the user, to the public and common view of information from other users of this platform, in a connected system where a list with names of other users can be created, so they can share information and have communication among them. Also one can see the list of people with whom a member contacts within this platform.

Social media are designed to promote social interaction in a virtual environment. In general, communication is facilitated through information posted on the profile of each user, which often includes his photograph and his personal information which vary depending on the type of media (Pempek et al., 2009).

Several researchers point out that social media are changing the way people communicate with others. Social networking is one of the most primary reasons many people around the world have become avid users of the Internet (Adler & Kwon, 2002). This has to do with users, who until the emergence of social networks could not find anything interesting on the internet (Adler & Kwon, 2002). Social networks have also attracted millions of users, many of whom have integrated them in their daily lives. Today, there are more than 200 social media worldwide and this number is increasing.

What makes social media unique, it is not so much the fact that they allow users, who may be strangers to meet and communicate through them, as that they allow users to create easily a profile, just as they want, with data hiding limitations, alongside socializing the information as they choose. As a result users make contacts, something that under different circumstances might not happen; yet again this is not their goal (Wenger, 1998). Furthermore social networks are available from different media with Internet connection (such as laptop, smartphone, ipad etc.), at any time.

In many of the larger social media, users do not aim at contacting new people, rather than merely at communicating with the already known. Although social media are equipped with a wide range of technical features, their main part consists of users profiles that reflect their organized list of

friends who are themselves users of this platform. Each profile is a unique page with its own user, who only has access to this (WonKim et al., 2010).

When someone becomes a user to a social media immediately he is requested to complete a form with his data, things that characterize him and he wants to have them notified. The user's profile is built and created in accordance with these data he has filled in such as his age, gender, interests, place of birth, place of residence, education, workplace, and other data which he enters in a field called "about me ".

Reflecting the trends of social media, teachers are increasingly taking advantage of social media services and tools. A recent survey showed that 61% of teachers, directors and librarians are active in at least one social networking media. Many use these media for their professional development (webinars, video surveillance on YouTube, listening to podcasts, or participation in blogs).

The majority of young people participate in at least one social networking media. A national representative survey of youth in the USA concludes that the 41% of ages between 12 and 13 years old and the 61% between the ages of 14 and 17 use social media (Lenhart & Madden, 2007). Another survey of college students in the USA showed that social media are used for social interaction with acquaintances in order to maintain friendships rather than to make new acquaintances online (Ellison et al., 2007).

In a survey conducted by the National Centre of Ireland for Technology in Education (2008), concluded that 37% of adolescents have access to social media, while a further 35% use it three to four times per week.

In schools that have embraced social media as tools, the benefits are significant. As Eric Sheninger (director of the New Milford High School in New Jersey) explains, a school with an active account in Twitter (Madden, 2010): “Unlike the traditional forms of communication, such as slow mail and press releases, I can provide updating in real time, on Twitter and Facebook, at the time events happen. As the whole society uses actively social media, my connection to my community through these means has any meaning”.

The connection is exactly what Scheninger does via Facebook and Twitter. When one researches his posts and positions in both these media, he will see: messages that praise schools’ sporting victories, students' work and activities, promotions such as evenings and performances for parents. Also parents and other community members interaction with teachers and each other, giving compliments, asking questions, sharing their views. Finally, he will see Sheninger to display pictures of school events and links with local newspapers articles, videos, and resources related to student’s learning. Those interested in the New Milford High School, can receive information about school events, student’s successes and innovations happening in the classroom from any computer with Internet connection or mobile device at any time.

Perhaps the most exciting for Sheninger is that participation in social media spaces enables him to reclaim students’ thoughts and feelings, a group which is often overlooked in discussions about teaching and learning. "My students found out about my Twitter account during a meeting with members of the students council," he explains. "They told me that Facebook was the most appropriate media to communicate with them and spread the same information." Until now, many students of the New Milford High School follow school’s Facebook page, participating in community’s conversations something could not do before.

The study 2010 CAR (Center for Applied Research EDUCAUSE) for undergraduate students of information technology, revealed that the use of social media by students has steadily increased over the period 2007-2010 and that the gap in use between older and younger students of social media is shrinking (Smith & Caruso, 2010). More specifically, the 2010 ECAR study showed that 33.1% of the sample of undergraduate students (N=36.950), said it uses wikis, 29,4% uses the social networking websites, 24.3% video-sharing websites, the 17.4% the web-based calendars, 11.6% blogs, 4.3% micro-blogs and 2.8% social bookmarking/tagging tools.

As Gikas & Grant (2013) note, the use of social media may create opportunities for interaction, collaboration, and allows students to engage in content creation and communication using social media.

Finally, several researchers urge that social network change the way people communicate with others. Social Networking is one of the most primary reasons that many people around the world became frequent Internet users (Drosos et al., 2015). As far as it is concerned, social media are increasingly visible in higher education as instructors enhance them in their education process in order to promote active learning for students (Tess, 2013). Many scholars argue for the purposeful integration of social media as an educational tool. Empirical evidence, however, cannot support the aforementioned claim effectively (Tess, 2013).

The social networking Facebook

Facebook is one of the most popular social networks, of general interest, which has been developed on the internet, with tremendous expansion in recent years both worldwide generally and in Greece particularly. There are of course many other social networking websites such as Twitter, Linkedin, MySpace, etc. (Table 1), where it has been a disproportionate increase in their use. This fact expresses the innate need for communication in a more modern way. Facebook is available in over 70 languages and its use in Greece increases every year.

The story of Facebook begins at 4/2/2004 in Harvard University, when a third year student then, Mark Zuckerberg and his fellow students Andrew McCollum, Eduardo Saverin, Chris Hughes and Dustin Moskovitz, thought to create an electronic network for communication between fellow students. Originally is utilized exclusively by Harvard students and professors. But then it extended to other universities in Boston and the region of New England, but remained always within academia and student framework. In September 2006 its site became accessible by everyone and since then began its rapid ascent of turning it into a global social networking website (Boyd & Ellison 2008, p. 218). It is currently the most popular online social networking service, where people can communicate with their friends, create new relationships or maintain the existing ones and to form groups of common interest.

Table 1. The ten (10) famous social networking websites (March 2016)

A/A	Name	Link	Number of users
1.	Facebook	www.facebook.com	1.100.000.000
2.	Twitter	//twitter.com	310.000.000
3.	Linkedin	www.linkedin.com	255.000.000
4.	Pinterest	www.pinterest.com	250.000.000
5.	Google plus+	//plus.google.com	120.000.000
6.	Tumbrl	www.tumbrl.com	110.000.000
7.	Instagram	www.hi5.com	100.000.000
8.	VK	www.flickr.com	80.00.000
9.	Flickr	www.vk.com	65.000.000
10.	Vine	//vine.co	42.000.000

Source:http://www.ebizmba.com/articles/social-networking-websites (29/03/2016)

Facebook users can sign up, after declaring an e-mail, filling in personal information such as name, last name, address, age, etc. In this site can people from any country communicate, share pictures, videos, music, links, notify events and whatever else they wish without obstacles. Also they can create a new smaller network in the already existing one. Members have friend's list, in which they are able to seek, to invite or accept / refuse their "friendship".

Furthermore Facebook provides to its members and a number of entertainment applications such as tests of personality, intelligence, skills and simulation games or services of reality - virtual farms, pets, virtual family- which are very popular. Today counts only nine years of life in cyberspace and its expansion is a phenomenon, as it counts 1,39 billion members and 900 million active users. Several countries such as America, Australia, UK, Turkey, use it in education.

Researches on the utilization of social networking in education

Danah Boyd (2007) in her research regarding to the role of social networking in young people's life and training, concluded that learners want to maintain their personal networks away from their educational obligations. They do not want to be constantly available to their teachers or bombarded with academic information. They do not seem to have thought of social networking as a learning tool. A survey of college students in the U.S.A. showed that social networking sites are used for social interaction with offline acquaintances in order to maintain friendships rather than to make new friends (Ellison et al., 2007). MadgeC, MeekJ, WellensJ and Hooley (2009) explain the above as a means of escape from adult's world and the official daily life where they have the opportunity to interact and share experiences beyond the trivial norms. In Greece, Papanis (2008), made a survey at the University of the Aegean regarding the use of Facebook in Greece. The survey conducted from students and showed that the reasons someone uses Facebook has to do with communication research, some perceive it as a fashion, others as a space of freedom, others as a lazy activity. In no case, however, young people do not seem to realize that a social networking is a source of knowledge, let alone as their training tool.

Selwyn's (2009) survey instead, which was aimed at students, showed that students do not reclaim Facebook in the formal educational process but they recognize that sometimes it can be used for informal learning purposes. For example in the exchange of "management" information (when, where are the lectures etc.), in discussions about the teaching requirements and the examinations or for communication support in doing their projects. Palaigeorgiou (2010) in his research to students concluded that in their preferences, the need for networking with their colleagues was the last think to care, something that could be interpreted variously. On the one hand, one could say that there is a felt need for contact with people related to their field of study but not for online communication with people socializing daily. On the other hand, it has possibly revealed signs of intense competition and the need for personal development or visibility by broadening the circle of acquaintances thus the collaborative learning experience probably comes second.

Christine Greenhow and Beth Robelia (2009) in their research on young people from 17 to 19 years old, in the U.S.A. concluded that many students feel that using "MySpace.com", make them learn and acquire technological, communication and creativity skills which increase while raising its use. Through the process of coaching others to learn how to use various tools (e.g. search) and how to solve problems, they intuitively form their own personal sense of competence. Brady et al. (2010), studied the use of a social network application in three different online courses. Most of the examined students reported that the used social network made communication easier compared to a face-to-face class. It also helped the communication outside of the class as well and, allowed them to reflect and comment on other's work effectively.

Junco (2012), found that Facebook time and Facebook activity were significantly ($p < 0.001$) predictive of classroom preparation. The relationship seemed to provide little in terms of practical importance.

Finally in other surveys, such as that of Hung, H. & Yuen, S. (2010) shows that social networking technologies open up a range of learning opportunities in communities of practice. Furthermore social networking acquires its maximum value when supporting person communities which operate face to face meetings or virtual communities of people they know each other. Also in Arnold N. & Paulus T. research (2010) while the tools were not used in the way for which the activities were designed and a large part of learners' interaction was not obvious, these invisible interactions supported substantially the development of community's cohesion. So, the non-participation was not in this case a sign of detachment but a sample of participation and disposal.

Advantages, disadvantages of the educational use of Facebook

Facebook offers the appropriate social, organizational and conceptual framework (Hew, 2011), accepting participants as interacting users and trainers as mentors (Schwartz, 2009). Universities use and could use Facebook to inform the public about their activities and provide links with material of educational or pedagogical interest. Teachers using innovative pedagogical methods, increase learners interest, helping them to develop their cognitive abilities and skills through an effective learning process. Facebook can play an informative role in the field of upcoming training programs, seminars, conferences for them.

Use of Facebook facilitates communication among students (undergraduate and graduate) (Armstrong & Franklin, 2008), helps to develop collaborative programs (projects) with other educational institutions. It offers multiple possibilities for creating and sharing new knowledge, with high levels of dialogue, interaction (Lally & Borett 1999; Brunus, 2010), mutual support and cooperation. Cooperation between students through flexible discussion and negotiation procedures, with a choice of content and direction of the learning process, keep them informed and active (Ellison et al., 2007). New forms of culture and learning emerge through encouragement, support, effective interaction and mutual trust among participants.

On the other hand scholars from several major universities argue that most adult students who already have a profile on Facebook, where its daily overuse leads to reduced performance as they neglect their academic obligations. Furthermore the inaccuracy and providing of invalid information (De Villiers, 2010) is a serious disadvantage generated mainly by using Facebook.

4. Conclusions

Technological means have facilitated the access to knowledge and information. The internet with social media, provide varied and latest knowledge without space-time restrictions and we could say that completes the function of the only existing hard copy. The use of online social networks in education provides a promising opportunity in formal and informal ways of learning, complementary many times. Surveys have shown that social networking tools can support educational activities and that is because they contribute to the interaction, active cooperation, in the active participation, in sharing resources and information, as well as to the development of critical thinking.

Young people learn more easily through their creative participation in social networks. ICT promote active learning since they allow the student to control and manage the process whereby learning. Through a wide variety of actions he can build the same knowledge, depending on his interests, through methods such as the discovery and experimentation. At this point is involved the self-assessment and the development of critical thinking, data necessary for subsequent professional and personal development (Becker, 2000).

Facebook is a modern social network having as common basis the communicative relationship. Its educational use can have more positive than negative results. Therefore it is realized, as with anything new in technology, that its future integration in education, can have not only effective and meaningful changes but also a significant upgrading to the educational system.

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Citizens views regarding improvement points for ecotourism in Preveza prefecture

Kamenidou, I[1]., Mamalis, S[1]., and Alexandrou, Z.[2]

[1]Eastern Macedonia Thrace Institute of Technology (EMaTTech), Greece, Department of Business Administration, Agios Loukas 65404, Kavala, rkam@teiemt.gr. Mamalis@econ.auth.gr

[2]Development Company of Southern Epirus - Amvrakikos - Development SA OTA (ETANAM SA OTA), zalexa69@gmail.com

Abstract

The prefecture of Preveza, located in the Epirus region, is the most alpine and relatively isolated region in the country, and with poverty and economic inequality significantly higher. Regarding productivity, the services sector dominates its regional economy and accounts for 69.7% of the regional GDP, with the tourism sector and trade being the most prominent in the region. Therefore, for the prefecture of Preveza, tourism and tourists are considered vital for its economic growth. Under this prism, this study explores citizens views of the weaknesses in infrastructure and services provided that the prefecture has, which are obstacles in ecotourism growth. For this to be accomplished, a field research approach was utilized targeting 150 residents from the 3 municipalities of Preveza prefecture. Results revealed that residents consider responsible bodies for tourism development of Preveza is mainly the local authorities and operators (59.4%), which have as duty to keep nature protected and unspoiled. Regarding improvement issues for ecotourism development, local people believe that as to infrastructure, there is a necessity to improve the roads (MS=4.71) for accessibility and tourist accommodation and hotels (MS=4.49); both considered as top priority. As regards to services that are indirectly or directly linked to the tourist product which is offered; people consider tourism activities (MS=4.52) and tourist agencies (MS= 4.23) as highest ranked for improvement. Segmentation of citizen's opinions regarding infrastructure and services that need improvement produced two segments. The expected benefits of recording citizens' opinions and beliefs aim at rational regional planning which is very important and vital for providing a satisfactory ecotourism product. Results are discussed and recommendations for implementation are provided.

KEYWORDS: Ecotourism, Protected areas, Residents opinions, Marketing, Epirus,

JEL CLASSIFICATION CODES: Z32, Q56, M31

1. Introduction

One of the main axons of economic increase for Greece is the tourism industry, especially today being under the surveillance of the Troika. This fact is particularly substantial for Epirus region. Epirus is the most mountainous and one of the most isolated regions in the country. Its population has depleted by migration; and only 3.1% of the country's population lives in the region (European Parliament, 2011). Baloúrdos (2007) states that in general, and compared to the other regions of the country, poverty and economic inequality is significantly higher in the region of Epirus. The European Parliament (2011) indicates that the regional economy of Epirus is dominated by the service sector, accounting for 69.7% of the regional GDP, with the trade and the tourism industry being the most prominent, and having a significant potential of growth. Epirus region has 4 regional unities: the prefectures of Arta, Thesprotia, Ioanninon, and Preveza (Region of Epirus, http://www.php.gov.gr/). Habitats of significant value, such as the Amvrakikos Gulf, the estuaries and straits of Acheron River and the coastal sea from Parga to Agios Thomas are identified in the Greater Epirus Region and particularly in the southern part of the prefecture of Preveza (Official Gazette, 1451/6-10-2003). Regarding the prefecture of Preveza and its wider area, six categories of sensitive and protected areas exist, having as a main criterion for inclusion, its ecological and aesthetic value. Their protection is based on the already existing institutional framework, being the Greek and European Law, and International Contracts. These categories are:

1. Aesthetic forests: In the wider area is the aesthetic forest Nicopolis - Preveza Mytikas, which was established by Presidential Decree 183 of 05/05/1977.

2. Natura 2000: Estuary of Acheron (from Glossa to Alonaki) and Acheron Straits, Coastal marine zone from Parga to cape Agios Thomas (Preveza), Cape Keladio – Agios Thomas. Zalogo mountains (http://www.biodiversity.gr/natura.php) and Amvrakikos Bay, Delta Louros and Araxtheiou (a complex ecosystem consisting of the delta Louros river, lagoons system consisting of three major lagoons: Rodia, Tsoukalio, Logarou and some smaller ones, and a sea area zone; European Commission, 2006, p.6).
3. CORINE protected areas: Zalogo mountains; Estuary and Straits of Acheron; Thesprotian Mountains (Preveza); Lake Ziros and Lourou Valley (Filippiada); and Straits Lourou, Keresonas Area (https://filotis.itia.ntua.gr/biotopes).
4. National Parks: Amvrakikos Gulf
5. RAMSAR Areas: Lagoons: Vathi, Pagonitsa, Mazoma, Petras, Lourou (wetland complex).
6. Specially Protected Areas based on the Barcelona Convention. Aesthetic forest Nicopolis - Preveza Mytikas and the Amvrakikos Gulf (Greek Biotope/Wetland Centre- EKBY.gr).

While Epirus region has continuing increasing tourist demand, conservation of the protected area is of high importance. In order for both to take place- tourism and protected area conservation, alternative tourism compared to mass tourism should be the main focus, since mass tourism has proved to have negative effects on the host environment (Budeanu, 2005; Goodwin, 1996). Moreover, the progression of forming and functioning rational regional tourism planning in a protected natural area has to incorporate its stakeholders (Törn et al., 2008; Phillips, 2003) with residents being one of the crucial stakeholder groups (Byrd et al., 2009). With local residents acknowledged as one of the most significant groups of stakeholders when referring to protected areas, their opinions are, as acknowledged by many studies, vital for the success of these areas in combining local development with environmental conservation (e.g. Stoll-Kleemann, 2001; Xu et al., 2006; Dimitrakopoulos et al. 2010; Arnberger and Schoissengeier, 2012).

2. Literature review

Researchers have shown that stakeholder collaboration is important for successful sustainable tourism development planning of an area (Almeyda et al., 2010; Byrd et al., 2009). Moreover, the significance of stakeholder's participation in planning and implementing projects for the management of sustainable tourism development is very essential (Selman, 2004). This is noted in the European Landscape Convention (Council of Europe, 2000) and International Union for the Conservation of Nature and Natural Resources' 'Category V' Protected Areas, Protected Landscape/Seascape, where the first requires participation of the stakeholders in the implementation of landscape policies, and the latter, basis its discussion on the notion "people and nature together" (Phillips, 2002, p. 1 in Selman, 2004). While there is no single accepted definition of stakeholders (Merrilees et al., 2004), the most widely used is the definition given by Freeman "a stakeholders in an organization is (by definition) any group or individuals who can affect, or is affected by, the achievements of the organizations objectives" (Freeman, 1984, p.46). Argenti (1997) stresses that the stakeholder theory identifies five categories of stakeholders- of equal status: investors, employees, customers, suppliers and the relevant community (local residents). The concept of stakeholder and stakeholder theory has been since extensively used in the tourism sector (Jamal and Stronza, 2009; Aas et al., 2005) especially in the framework for sustainable tourism, ecotourism and tourism in protected areas. UNEP and UNWTO (2005, p. 12) in defining sustainable tourism state "…..takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities", i.e. all relevant stakeholders, according to Argenti (1997).

Especially, the collaboration of residents and community is prerequisite for sustainable tourism management of protected areas (Diamini and Masuku, 2013), and when residents participate then even more satisfactory outcomes are derived (Stronza and Gordillo, 2008).

According to UNDP (2012, p.1), climate change and extensive human exploitation of land and water has caused degradation of ecosystems, stimulating the development and implementation of

frameworks and policies for their conservation, many of which were declared as sensitive- protected areas, protecting them from further degradation. The International Union for Conservation of Nature (IUCN, 1994) defines a protected area as “Area of land and/or sea especially dedicated to the protection and maintenance of biological diversity, and of natural and associated cultural resources, and managed through legal or other effective means” (IUCN, 1994, p.18). Yet, rural communities consider tourism as a pillar of economic development (Leistritz, 2006), and on individual level, people are shifting towards nature based tourism, tired from stressful lifestyle, and desiring visitation to less crowded and “technologically advanced” destinations. While nature based tourism and visitation of protected areas produces positive outcomes for the local economies (Job and Paesler, 2013), it also can cause environmental destruction if adequate planning and management does not take place with local participation (Brenner and Job, 2012). Until recently, the bulk of stakeholder research in protected areas was visitor- tourist orientated (e.g. Ardoin et al., 2015; Eagles, 1992); while subsequently it began to focus on the local residents. Previous studies have shown that when the locals do not agree with the decisions of the managers associated with environmental conservation and sustainable tourism development, then there are conflicts between sides, immediate reaction, oppositions and it is threaten to fail (Briassoulis, 2002; Healey, 1998; Ioannides, 1995). Although there are many researches focusing on local residents and protected areas (in any dimension), regarding Greece, the research in this area is quite limited and bloomed substantially the last decade (e.g. Jones et al., 2015; Tsantopoulos et al., 2013; Dimitrakopoulos et al., 2010; Pipinos and Fokiali, 2009; Pavlikakis &Tsihrintzis, 2006; Christopoulou & Tsachalidis, 2004;Trakolis, 2001). Moreover, research regarding local residents opinions or views about weaknesses of the hosting protected area as a protected area tourist destination is scarce in general, and for Greece in particular (to the authors knowledge). Specifically, Trakolis (2001) investigated amongst other, 203 local inhabitants' perceptions, preferences, and reactions, and necessity for infrastructure, regarding Vikos-Aoos National Park, 25 years after its designation. Results showed that tourism development of the area was seen as a positive change, and recreation facilities and improvement in accessibility were considered of high priority for development. Andrea et al., (2013) explored local peoples’ and visitors’ views about the existing infrastructure and the availability of the services of the two National Parks of Evros Prefecture. They found that local people were stricter in their valuation of the existing infrastructure and services provided compared to the visitors in both areas. Although the structures of the tours and activities in the two National Parks are not similar, there were significant similarities in the visitors’ perceptions in both scenarios.

3. Aim and objectives

Taking all the above into account, the importance of tourism for the region’s economy and its stakeholders - residents opinions/ evaluations about existing drawbacks regarding the provided tourism product, this research investigates the views of its citizens of the weaknesses and drawbacks that regard infrastructure and services.

Specifically, the detailed objectives of this study focus on recording and analyzing citizens’ views regarding:

1. The type of tourism suited for the area
2. The weaknesses identified by its residents regarding the infrastructure of Preveza prefecture, which is very important for the tourism product.
3. The weaknesses identified by residents regarding the services provided to tourists.
4. Segmentation of residents according to their opinions regarding points of improvement of the infrastructure and provided services to tourists.
5. To examine the profile of each segment derived

In order for the above issues to be addressed the research approach was undertaken.

4. Methodology

This research is exploratory in nature due to limited existing literature regarding the area and utilizes a quantitative research approach. The tool for obtaining data was a structured questionnaire, developed specifically for this purpose and was compiled from an extensive literature review (e.g. Joppe and Johan, 2005, Ross and Iso-Ahola, 1991), and informal discussions with the citizens. Continuously it was pilot-tested with 15 respondents and adjusted upon respondents’ indications so it would be understandable and easy to use. The questions presented in this paper dealing with residents opinions

regarding infrastructure and services that need improvement, were rated on a five point Likert scale. Participants were identified using the mall intercept sampling method, and data was collected through aided self-administrated questionnaire. This method was the most feasible due to accessibility (mountainous area), time and economic restraints. In this manner, 150 valid questionnaires were collected during a three-month period from the 3 municipalities (Zirou, Parga and Preveza), consisting the regional unity of Preveza. Data analysis included frequencies, percentages, means, factor and cluster analysis and chi-square tests.

5. Results- Discussion

5.1. Sample profile

From the total number of valid questionnaires (150), 75.0% were from the municipality of Preveza (Table 1), due to proximity and population concentration. Gender was equally represented and participants mean age was 42.6 years (StD.=12.0). Also, the majority of the sample was married (65.3%); held a bachelor degree (46.0%) and were employees (45.3%) or business man (31.3%) with net monthly family income ranging from 600.01-1500.00 € (52.3%).

Table 1: Sample profile

Socioeconomic and Demographic profile	Frequency	Percentage (%)
Municipalities		
Preveza	113	75.3
Parga	22	14.7
Zirou	15	10.0
Gender		
Male	76	50.7
Female	74	49.3
Age		
18-25	5	3.3
26-35	46	30.7
36-45	43	28.7
46-55	31	20.7
56-65	18	12.0
65+	7	4.7
Marital status		
Married	98	65.3
Single	43	28.7
Divorced/separated/widowed	9	6.0
Education		
Up to Elementary	10	6.7
Secondary school (gymnasium-lyceum)	38	25.3

Post-secondary	16	10.7
Bachelor	69	46.0
Master-PhD	17	11.3
Occupation		
Employee (Private/ public servant)	68	45.3
Professional/Business man	47	31.3
Skilled – unskilled worker	2	1.3
Retired	12	8.0
University student	4	2.7
Housewife	9	6.0
Unemployed	8	5.3
Monthly net family income (Euros)		
Up to 650.00	20	13.3
650.01-1000.00	33	22.0
1000.01-1500.00	45	30.0
1501.01-2000.00	17	11.3
2000.01-2500.00	10	6.7
> 2500.01	8	5.3

5.2 Citizens opinions regarding tourism suited for the region

Citizens consider that alternative tourism (92.0%) and not mass tourism is the type of tourism that should be implemented in the prefecture of Preveza. As for the different types of alternative tourism, ecotourism (94.5%) is considered the most suitable, in order to achieve sustainable tourism development (86.4%) of the region.

It is especially important and positive the fact that the local residents reject mass tourism and believe that the region must develop alternative tourism. The significance of the matter lies in the fact that considering that ecotourism should be given emphasis for sustainable development of the region, then, there will be no opposition from residents to implement such mild tourism development from the government or local authorities. Previous scholars have found that conservation of a protected area and community support is of high importance, and residents' positive attitude, support, cooperation, and participate is needed (Bockstael et al., 2016; Holmes,2013).

5.3 Citizens opinions regarding infrastructure weaknesses

Table 2 presents residents opinions in respect to the existing tourism and other infrastructure (anthropogenic environment), that in their opinion need total or further improvement in Preveza prefecture. This infrastructure directly affects the tourist product provided and the image it projects. From the eight infrastructure statements rated, 7 were rated as very important to be improved (MS>4.00) and one statement was considered as immediate priority (MS>4.51). Specifically, characteristic is the fact that almost all residents (98.6%) consider that the roads (MS= 4.71) must be improved in order for their customers to be able to arrive at the destination. Second in importance for

the residents (95.9%) is tourist accommodation/hotels and its infrastructure which also need immediate improvement (MS = 4.49). Other equally important factors (MS>4.00) in their opinion, has to do with the museums (MS = 4.37); the catering and leisure businesses (MS= 4.30); the port of Preveza (MS = 4.16); the Aktion Airport (MS = 4.15); and the festival infrastructure (MS = 4.11), which also need total or partial improvement. On the other hand, the shopping center is for the citizens of less importance (MS = 3.80) compared with the previous infrastructure. It must be noted that regarding the heavy infrastructure, residents consider that improvement on the existing roads are needed (such as covering holes with tar, road lights, etc), since they do acknowledge that developing wider roads will be in expense of natural environment.

Table 2: Citizens' opinions of infrastructure that need improvement

Infrastructure	Completely agree %	Agree %	Neither agree / nor disagree %	Disagree %	Completely disagree %	**MS (StD)**
Road infrastructure	77.0	18.2	3.4	1.4	0.0	4.71 *(0.60)*
Tourist accommodation / hotels infrastructure	56,2	38,4	4,1	0,7	0,7	4,49 *(0,67)*
Museums' infrastructure	49.0	41.5	8.2	0.7	0.7	4.37 *(0.72)*
Catering and leisure businesses infrastructure	46.9	40.7	8.3	3.4	0.7	4.30 *(0.82)*
Preveza Port	48.6	29.1	14.9	4.7	2.7	4.16 *(1.02)*
Aktion Airport	46.6	30.8	15.8	4.8	2.1	4.15 *(0.99)*
Festival infrastructure	38.1	37.4	22.4	1.4	0.7	4.11 *(0.85)*
Shopping center infrastructure	28.6	32.7	31.3	4.8	2.7	3.80 *(1.00)*

Source: The Authors

5.4 Citizens opinions of the services weaknesses

Table 3 presents the opinions of residents regarding the services that directly or indirectly affect the tourism product already offered in the prefecture, and the extent of which they need improvement. From the seven statements rated, three are considered as very important (MS>4.00). According to citizens' opinions, services that need immediate improvement (MS >4.00) and directly affect the tourism product, are tourist services offered at accommodation/hotels (MS= 4.54), at tourist activities (MS= 4.52), services offered by the travel agencies (MS = 4.23) and services offered at various festivals (MS= 4.11). Additionally, offered services requiring significant improvement, are the behavior of the locals when providing services (MS = 3.93), gastronomy services (MS= 3.88) and secondarily to the services that have to do with safety/security and information services provided by the locals.

Table 3 Services offered at Preveza Prefecture needing improvement

Services	Completely agree %	Agree %	Neither agree / nor disagree %	Disagree %	Completely disagree %	**MS *(StD.)***
Tourist accommodation / hotels services.	58.5	37.4	3.4	0.7	0.0	4.54 (0.60)
Tourism activity services	59.2	35.4	4.1	0.7	0.7	4.52 *(0.68)*
Tourist agency services	42.5	41.1	13.7	2.1	0.7	4.23 *(0.81)*
Locals' behavior during provided services	43.9	25	18.9	4.7	7.4	3.93 *(1.22)*
Gastronomy services.	31.3	33.3	29.2	4.9	1.4	3.88 *(0.96)*
Safety services.	39.7	21.9	24	10.3	4.1	3.83 *(1.18)*
Information services provided	37.4	22.4	28.6	8.2	3.4	3.82 *(1.13)*

Source: The Authors

5.5 Factor analysis of citizens' opinions regarding needed improvement of infrastructure and services provided

Factor analysis was continuously employed to reduce the items into fewer ones and proceed to further analysis. Factor analysis regarding residents' opinions about infrastructure improvement derived 3 factors (KMO=0.617; BTS=314.148; df=28; p=0.00) accounting for 67.1% of total variance (T.V.) Table 4 presents the results of factor analysis for infrastructure improvement; the 3 factors that continuously will be treated as new variables in segmentation analysis are: "Heavy infrastructure", "Entertainment and lodging infrastructure"; and "Commonly used infrastructure".

Table 4: Factors derived based on residents' opinions of infrastructure improvement

Factor –Item	**Factor loading**
1st: ***"Heavy infrastructure";*** 24.9% of the total variance (T.V.); a=0.765; Mean Factor Score (MFS) =4.0 (Std. =0.8)	
Aktion Airport	0.909
Preveza Port	0.893
Shopping center	0.514
2nd: ***"Entertainment and lodging infrastructure";*** 21.7% of T.V.; a=0.598; MFS =4.4 (Std. =0.5)	
Museums' infrastructure	0.852
Festivals' infrastructure	0.757
Tourist accommodation / hotels infrastructure	0.479
3rd: ***"Commonly used infrastructure":*** 20.5% of T.V.; a=0.588; MFS =4.5 (Std. =0.6)	
Road infrastructure	0.823
Catering and leisure businesses infrastructure	0.757

Source: The Authors

Additionally, factor analysis regarding residents' opinions about the provided services that needed improvement produced 2 factors (KMO=0.707; BTS=278.309; df=21; p=0.00) accounting for 63.6% of total variance (T.V.) Table 4 presents the results of factor analysis for service improvement with the 2 factors that continuously will be treated as new variables in segmentation analysis being: "Indirect service product", and "Direct service product".

Table 5: Factors derived based on residents' opinions of service improvement

Factor –Item	Factor loading
1st: ***"Indirect service product";*** 36.1 % of the total variance (T.V.); a=0.801; Mean Factor Score (MFS) =3.9 (Std. =0.9)	
Information services provided	0.896
Safety services	0.829
Locals' behavior during provided services	0.748
Gastronomy services	0.648
2nd: ***"Direct service product";*** 27.5% of T.V.; a=0.700; MFS =4.4 (Std. =0.6)	
Tourism activity services.	0.805
Tourist accommodation / hotels services.	0.804
Tourist agency services.	0.734

Source: The Authors

5.6 Segmentation based on citizens' opinions regarding needed improvement of infrastructure and services provided

Segmentation analysis was performed subsequently, based on the three infrastructure factors (IF) and the two service factors (SF) produced during factor analysis. Cluster analysis with these five variables produced two segments (Table 6). ANOVA statistics revealed that all 5 factors contributed in the statistically difference of the two clusters' behavior.

Table 6: Cluster analysis based on derived factors on improvement issues for Prefecture of Preveza

Factors based upon infrastructure and service improvement needed in the prefecture of Florina	Cluster 1st N=64	Cluster 2nd N=83	F (Sig.)
IF1: Heavy infrastructure (Aktion Airport, Preveza Port, Shopping center)	3.35	4.55	150.833 (0.000)
IF2: Entertainment and lodging infrastructure (Museums' infrastructure, Festivals' infrastructure, Tourist accommodation / hotels infrastructure.)	4.06	4.56	37.631 (0.000)
IF3: Commonly used infrastructure (Road infrastructure , Catering and leisure businesses infrastructure)	4.16	4.77	51.242 (0.000)
SF1: Indirect service product (Gastronomy services, Information services provided, Safety services, Locals' behavior during provided services)	3.17	4.39	124.442 (0.000)
SF2: Direct service product (Tourist accom-modation/ hotels services, Tourism activity services, Tourist agency services)	4.09	4.65	44.953 (0.000)

Source: The Authors

Subsequently, chi-square tests with cross tabulation were performed in order to observe whether there were any statistically significant differences between the socioeconomic characteristics of the respondents (gender, age, marital status, education, profession and income) and the two clusters produced. Analysis showed that no statistically significant difference was found, indicating that there is no relationship between these socioeconomic variables and the two clusters' behavior.

Cluster I: "Practical orientated citizens", representing 43.5% of the total sample, has the highest FCC (>4.00) for the 2nd and 3rd factor of infrastructure improvement and the 2nd factor of service improvement, i.e. "Entertainment and lodging infrastructure" (FCC=4.06); "Commonly used infrastructure" (FCC=4.16); and "Direct service product" (FCC=4.09) respectively. They are the practical citizens. They consider that of top priority are the weaknesses related to direct and practical matters of tourist visitation. Such issues regarding infrastructure include the road and restaurant infrastructure and entertainment infrastructure. They also consider that it is imperative to improve the services that are directly provided to customers, such as services provided at tourist accommodation/ hotels, services provided during tourism activities and services provided by the tourist agencies, since they can be considered as "front desk" services. They are indifferent towards the other two factors, i.e. "Heavy infrastructure" which regards to the Aktion Airport, Preveza Port, and the Shopping center. This is probably due to the small reference time tourists spend on both, while as regards to the latter, because they consider that a tourist is more interested in cultural events for entertainment than going shopping to a mall. This segments' profile has as following: As to gender this segment has more men (60%); are in the age range of 26-45 (67%) which are almost equally distributed in the two categories of 26-35 and 36-45; and are married or single in the vast majority (92%). As to education they fall into two main categories: secondary and postsecondary education (40%), while regarding profession three categories (95%) almost equal in population percentage: employee, businessman and student. Lastly, as regards the net individual monthly income they fall into the 650.01-1500.00 euros per month category.

Cluster II: "Perfectionists" representing 56.5% of the total sample. This segment considers all infrastructure and service factors need to be improved. All FCC are >4.00 and all except one have FCC>4.50, implying that they tend to completely agree that 4 out of 5 factors need to be improved. The only factor with FCC<4.50 is the service factor "Indirect service product" with FCC=4.39. They are the perfectionist citizens, the ones that consider that everything must be perfect for their customers, in order to satisfy them in the greatest possible extent. This segments' profile has as following: As to gender this segment has more women (56%) and are in the age range of 26-55 (70%) which are almost equally distributed in the three categories of 26-35 and 36-45 and 46-55. Moreover, 100% of the sample with age >65 years old belongs in this segment. Thus, this age segment has seen many changes through the years, and has the wisdom of age, and the experience as regards to tourist demands. Additionally, they are married in the vast majority (75%) and are high educated, with more than 62% having at least a bachelor degree. As to profession more than 50% are employees, with a net individual monthly income falling into the 1000.01-1500.00 euros per month category. Lastly, from the respondents with net individual income 2000.01- 2500.00 euros; 80% belong in this group.

6. Conclusions

The diversification of the tourism product that can provide a tourist destination such as the prefecture of Preveza, in the geographical area and the importance they have in local and national economic, social and cultural terms, are many. Of particular importance are the views of the citizens, and as recorded by the field survey, converging to this belief. To enable though any change or development to succeed, close cooperation of all key public and private stakeholders must exist. Also important is the understanding that a tourist destination must be a unique total, where all the pieces will be in harmony with each other (such as binding nature and buildings in old settlements) and current activities will be characterized not only by respect for tradition but also from an aesthetic, quality and love for a place. The critical analysis of the results, as emerged from the survey, regarding citizens and residents of Preveza prefecture, resulted in the following conclusions:
Positive outcome is the fact that the residents consider that mass tourism is not appropriate for the region, and sustainable development with alternative tourism is desired. Thus, having positive attitude

towards sustainable tourism development will help officials plan projects that residents will participate and that will not fail, as prior researchers have pointed out. Compared with the existing tourism product available from the Prefecture as regards the anthropogenic environment (infrastructure - superstructures) and the negative impact it has on the tourist product offer of the region, the survey showed that all infrastructure measured was of total or partial need for improvement, but highest in rank the roads, tourist accommodation and hotels and museum infrastructure. As concerns the offered services, the outcome implies the need to improve services connected to tourist activities and tourist accommodation and hotels, and the services provided by travel agencies. Factor analysis of the infrastructure statements and the services statements produced three (Heavy infrastructure", "Entertainment and lodging infrastructure"; and "Commonly used infrastructure") and two factors ("Indirect service product", and "Direct service product") respectively which in following were used for segmentation analysis. Segmentation analysis produced two segments, namely the "Practical orientated citizens" and the "Perfectionists" with different perceptions regarding the issues (infrastructure- services provided) to improve. Improving the quality of infrastructure, of upper structures and the services offered, are some of the most important parameters of tourism development in the hinterland. Additionally, the participation of the local population in any development initiatives will play a decisive role in this direction. The Local Quality Agreements represent a remarkable effort and should be strengthened. In this context it is considered necessary a collaboration with the existing Management Bodies of Protected Areas, because according to the institutional foundation framework (n. 2742/1999 Article 15), they are responsible for issuing guiding permits in protected areas, adopting ecotourism programs and issuing quality labels to companies operating in the prefectures limits. Lastly, it is noted that the problem of sustainable tourism development of a geographical environmentally protected area, with strong natural characteristics is inexhaustible, and in no case could be analyzed as a total, in the light of any effort in one single paper or research.

7. Limitations-direction for further research

This research has some unavoidable limitations which may serve as guidelines for further research. First of all, this research was self-funded, and as such, due to major economic constraints, it was limited to the prefecture of Preveza. Therefore, it was difficult to access rural and mountainous areas which in other matters the researchers could have accessed, and collected data from. Also, the research was addressed only to permanent residents, and in the future, another study can include visitors to the area. There might be other infrastructure items or services in Preveza prefecture that could be improved but these were the ones that were mentioned during the informal discussions with the locals. Lastly, due to economic and time constraints, there was a limited sample of 150 citizens, which in the future with a new research can encompass a larger sample and thus validate these findings.

Nevertheless, this research is considered of importance, since a handful of studies, focused on locals residents views on sustainable tourism development in Epirus (Jones et al., 2015; Andrea et al., 2013) exist, and moreover none to our knowledge in Preveza prefecture regarding infrastructure and services to be improved as noted by residents in the frame of sustainable tourism development in protected areas.

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A comparative analysis for the impact of entrepreneurship education for science students

Kakouris A.[1,2,] Dermatis Z.[1], Evangelopoulos P.[1] and Liargovas P.[1]

[1] University of Peloponnese, Department of Economics, Sustainable Development and Entrepreneurship Lab., Tripolis Campus, 22100, Greece

[2] University of Athens, Career Office, Panepistimiopolis, Zographos, 15784, Athens, Greece,
akakour@phys.uoa.gr

Abstract

Entrepreneurship education has been an expanding type of education worldwide for the last decades. Entrepreneurial courses are thought to enhance the entrepreneurial self-efficacy along with other entrepreneurial skills and attitudes. In Greece, entrepreneurial courses have been offered interdisciplinary from 2005. The present study examines the entrepreneurial self-efficacy of a sample of Greek science students, who attended entrepreneurial courses in 2010, as a part of an international survey directed by the University of Illinois in many countries of the globe. Firstly, the result is compared with similar results for science student samples from other nine countries (Brazil, Germany, Colombia, Lithuania, Malaysia, Mexico, South Africa, Spain and United States) that participated to the survey in 2010 to reveal regional differences. The samples represent northern – southern countries in Europe and in America. Secondly, the Greek result of 2010 is compared with a new one in 2016 to reveal differences due to the socioeconomic crisis conditions in Greece and also due to the evolution of interdisciplinary entrepreneurship education in the country. Variance in entrepreneurial self-efficacy of youth populations is crucial for their entrepreneurial initiatives since it is thought a predominant determinant of entrepreneurial intention and further behavior. The results indicate that the Greek sample lies with the average score and has not been affected by the financial crisis while entrepreneurial self-efficacy is observed greater in business-hostile environments (e.g. Colombia, Mexico and South Africa) exhibiting a North-South regional asymmetry.

Keywords: Entrepreneurship, Entrepreneurship Education, Innovation, Regional Development, Entrepreneurial self-efficacy

1. Introduction

The impact of entrepreneurship education has been an open subject for the second stream of fostering the entrepreneurial mindset (McGrath and MacMillan, 2000) across the globe. Most of systematic studies in the field examine the entrepreneurial self-efficacy (Boyd and Vozikis, 1994; Zhao, Seibert and Hills, 2005) as a measure for the formulation of the entrepreneurial intention and any subsequent behavior. Self-efficacy is a notion developed by Bandura (1977) for any task-specific capacity and is defined as: "*the strength of one's belief in one's own ability to complete tasks and reach goals*". Furthermore, self-efficacy concerns the 'control beliefs' in the *Theory of Planned Behavior* of Ajzen (1991) which has been the principal tool for the analysis of the entrepreneurial intention (e.g. Krueger and Carsrud, 1993). Specifically, the more a person exhibits high entrepreneurial self-efficacy the more likely s/he is expected to be engaged into business start-up (Bae et al., 2014, Souitaris, Zerbinati and Al-Laham, 2007). Therefore, the impact of entrepreneurial courses, explicitly or implicitly, pertains to an increase of youth entrepreneurship in educational perspectives and policies for entrepreneurship (e.g., European Commission, 2012, 2013; Kakouris, Dermatis and Liargovas, 2016; Oslo Agenda, 2006). To this end, entrepreneurial self-efficacy (McGee et al., 2009) is thought crucial.

Entrepreneurship education is also known to be dependent on local environments and cultures. Entrepreneurial notions are not uniformly understood in different countries as research of Anderson, Drakopoulou-Dodd and Jack (2009) or Drakopoulou–Dodd and Hynes (2012) have indicated through the analysis of metaphors used to describe entrepreneurs and entrepreneurial processes. Also, Shane, Kolvereid and Westhead (1991) have revealed cultural dependencies in entrepreneurship and entrepreneurial motives across various countries. The study of entrepreneurship in different cultural contexts can reveal various 'unexpected', or non-straightforward, results such as a recent survey of Walter and Block (2015) that showed that students seek to adopt skills through education in business-hostile environments due to the lack of other supportive resources for business venturing there. Discussing the evaluation of entrepreneurship education, Mwasalwiba (2010) has stressed the need for cross-country comparisons to analyze its impact. With indications from the previous empirical research given, a question about the outcome of entrepreneurial programs concerns "*how the entrepreneurial self-efficacy varies for students that follow similar courses but in different countries*". To address this question, we employ data from the "Entrepreneurship Education Project" led by the Illinois State University in 2010 in many countries around the world (Vanevenhoven and Liguori, 2013).

The aim of the present study is to address differences in the average entrepreneurial self-efficacy measurement among science students who attended entrepreneurial courses in different countries. We restrict the analysis to science students because we focus on the development of technological innovation which is mostly based on ideas and achievements which emanate from science disciplines. The term 'science' here refers to engineering, informatics, physics, chemistry, biology, etc. Utilizing samples from ten different countries we seek for North-South and East-West asymmetries in entrepreneurial self-efficacy induced by entrepreneurship education. The rest of the article is organized as follows. We firstly present the methodology of the survey and the instrument used for the measurement of the general and the entrepreneurial self-efficacies. Secondly, we present and discuss the cross-country results of 2010 and we also compare the 2010 Greek sample with a newer one of 2016 in Greece to examine possible influences from the financial crisis that the country undergoes from 2010 to 2016. Finally, we derive some conclusions from the present results and discuss further research in the topic.

2. Methodology

2.1 Data collection

The "Entrepreneurship Education Project" research of Illinois State University in 2010 (Vanevenhoven and Liguori, 2013) was based on a simultaneous online data collection from many countries across the globe. The questionnaire was translated in local languages and was delivered to students who were attending entrepreneurial courses at that period. For Greece, a sample of informatics and telecommunications students at the University of Athens responded (Kakouris, 2011). The subset of science students with more than 35 answers per country has been employed for the present analysis.

2.2 Samples

Samples of science students' responses, gathered simultaneously from ten countries, are shown in Figure 1. Specific samples for each country are summarized in Table 1.

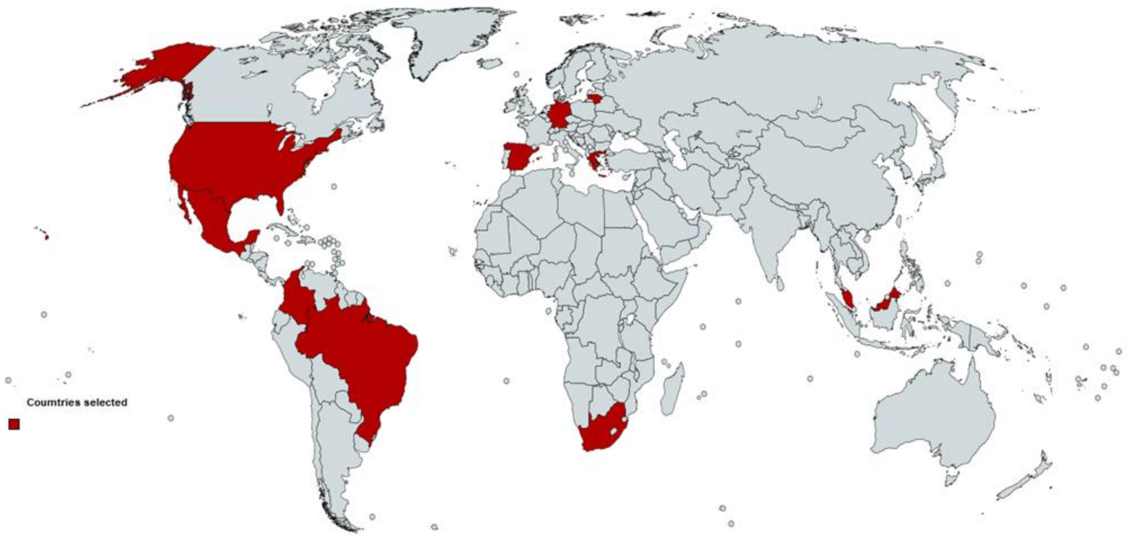


Figure 1: Map of countries selected for the present survey.

Table 1. Size of the sample, N_i, for each country. Total $N=\sum N_i=1292$.

i		Country	N_i	*i*		Country	N_i
1	US	U.S.A.	240	*6*	GR	Greece	47
2	GE	Germany	87	*7*	SP	Spain	289
3	MAL	Malaysia	281	*8*	MX	Mexico	88
4	SA	South Africa	46	*9*	CO	Colombia	36
5	LIT	Lithuania	41	*10*	BR	Brazil	137

The specific samples of Table 1 permit a search for *North-South* (e.g. US–Latin America, North–South Europe, US/Europe–South Africa) or *East-West* (e.g. US – Germany) statistically important asymmetries for the entrepreneurial self-efficacy measurement. Finally, a 2016 Greek sample of 62 (post)graduates was contacted for comparison with the one of 2010. The last sample consisted of respondents of various disciplines, mostly from economics studies.

2.3 The instrument

The entrepreneurial self-efficacy construct of the "Entrepreneurship Education Project" has been based on the analysis of McGee et al. (2009) with some minor modifications. McGee et al. (2009) introduced four sets of self-efficacy items for: searching (4 items), planning (4 items), marshaling (3 items) and implementing (9 items) business ideas. The last set can be further divided into 'management' (6 items) and 'financial literacy' (3 items). The respondents score the items with a scale 0 to 100. Factor analysis with the present data verifies that the previous five sets (as factors) explain the 67.7% of the variance. The internal reliability of the scale was found high with a Cronbach's alpha of 0.928.

Beyond entrepreneurial self-efficacy, the general self-efficacy was measured. 10 items scored through a 5-item Likert scale (agree/disagree) were based on the analysis of Schwarzer and Jerusalem (1995). The Cronbach's alpha for the general self-efficacy scale was found 0.775. The 10 items encompassed: solve difficult problems, find the means and ways, stick to one's aims, confidence, handle unforeseen situations, solve most problems, remain calm, find several solutions, think of a solution and handle whatever.

Kolmogorov-Smirnov tests indicated that neither entrepreneurial self-efficacy nor general self-efficacy items are normally distributed variables within the 95% confidence level. Hence, non-parametric tests are used for the statistical analysis in the sequel.

3. Results

General self-efficacy items depend on the country variable (Kruskal–Wallis tests show dependence with p<.001 except the 'find the means and ways' item with p=.003). For example, South Africans, Mexicans, Colombians and Brazilians show more confident than the rest in 'solve difficult problems' and 'solve most problems' items. Germans show most confident than the rest in 'handle whatever' and less confident in 'find several solutions'. Nonetheless, the relative variation for the average general self-efficacy is small (Figure 2). The minimum value is observed for Lithuania and the maximum one for Colombia. US exhibits a higher general self-efficacy compared to Germany which implies a slight East-West asymmetry. From the results of Figure 1 we conclude that the general self-efficacy among the countries examined in the present survey does not significantly vary so we can proceed with the comparison of the respective entrepreneurial self-efficacy.

Specifically for Greece, general self-efficacy between the 2010 and the 2016 samples is the same (Mann–Whitney U tests show no statistically important difference). The latter result indicates no change in general self-efficacy of youth population due to the financial crisis in Greece.

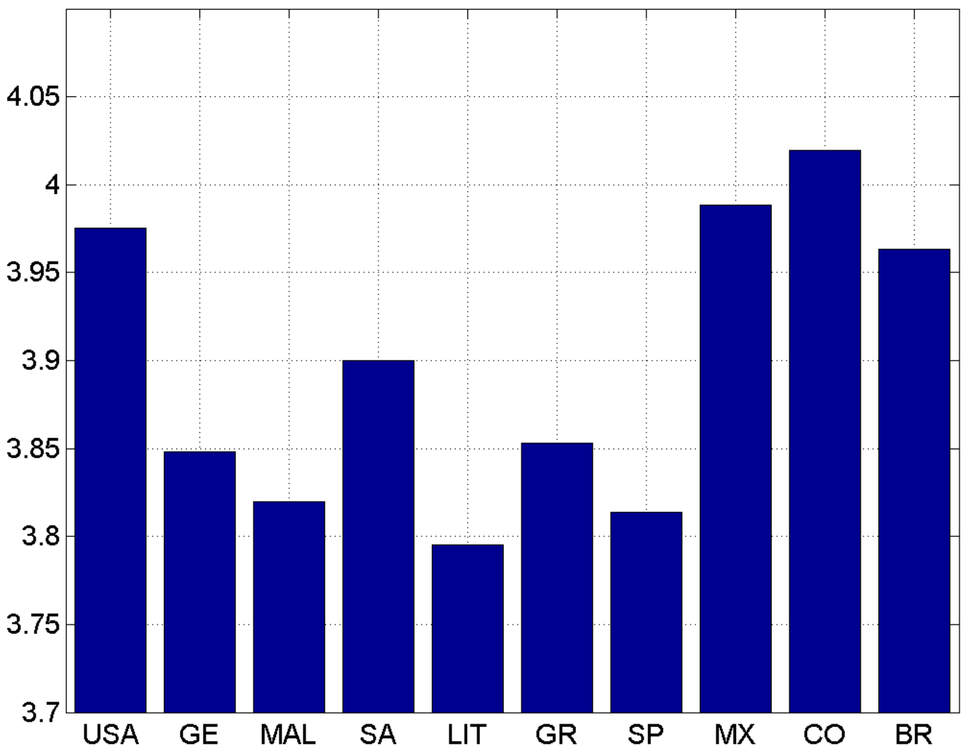


Figure 2: Average general self-efficacy for the countries selected in the present survey.

3.1 Cross-country comparison of 2010 data

The average entrepreneurial self-efficacy for the countries selected in the present survey is shown in Figure 3. US, GR and BR are aligned with the mean score while SA, MX, CO lie beyond the mean and GE, MAL, LIT and SP below the mean. The average entrepreneurial self-efficacy result implies a North-South asymmetry as in southern countries the entrepreneurial self-efficacy is higher. It also implies an East-West asymmetry as entrepreneurial self-efficacy is greater in USA than in

Germany. The East-West comparison pertains only to USA and Germany as they are both developed economies. Furthermore, the five sets of entrepreneurial self-efficacy of McGee et al. (2009) are shown in Figure 4. For each set the average score is shown by the black line. Greece is almost aligned with the mean score except the implementation-financial items set (i.e. organize and maintain the financial records, manage the financial assets, read financial statements) where it appears below the mean (see green bars in Figure 4).

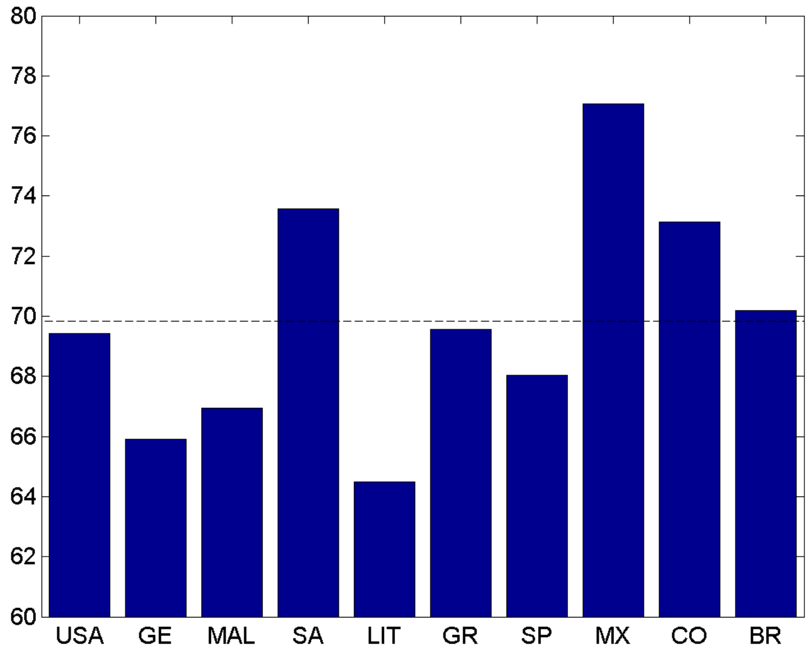


Figure 3: Average entrepreneurial self-efficacy for the countries selected in the present survey.

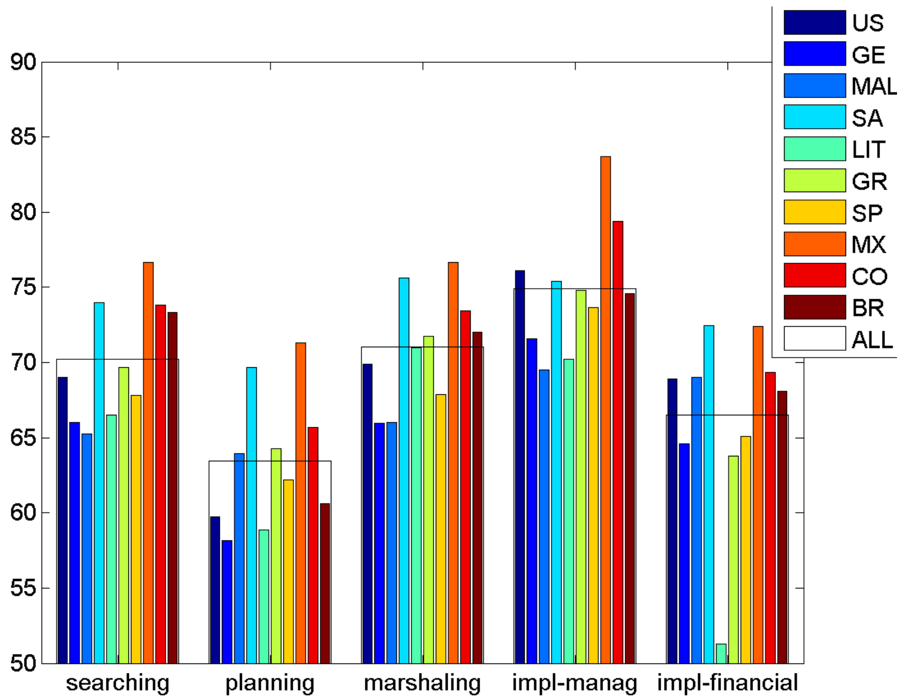


Figure 4: Entrepreneurial self-efficacy sets for the countries selected in the present survey.

All five sets of items, shown in Figure 4, are dependent on the country variable (Kruskal-Wallis tests indicate dependence at a confidence level more than 99.99%). Mexico and Colombia exhibit the highest entrepreneurial self-efficacy in all sets with South Africa following this picture except the implementation-management items where it is aligned with the mean score. USA and Germany are constantly below the mean except the implementation set items for the USA. The emerging picture implies a North-South asymmetry in the entrepreneurial self-efficacy with samples from the southern countries more confident than the northern ones. The comparison between USA and Germany indicates an East-West asymmetry for the implementation efficacy items with the USA sample more confident.

The Malaysian sample appears distinct with confidence below the mean in searching, marshaling and managing new business ideas and beyond the mean confidence in business planning and financial literacy. The Lithuanian sample exhibits a remarkably low confidence in financial literacy items.

3.2 Comparison between the 2010 and 2016 Greek samples

As already mentioned, the two Greek samples show no statistically important difference in general self-efficacy. Mann-Whitney U tests for the 20 entrepreneurial self-efficacy items are summarized in Table 2. Only items 5, 7, 13, 17 and 18-20 show a statistically important difference. The 2016 sample shows higher self-efficacy.

Table 2. Mann-Whitney U tests for the 20 entrepreneurial self-efficacy items for the Greek samples.

Item	Mann-Whitney U	p	Item	Mann-Whitney U	p
1	1448.0	.956	11	1430.0	.867
2	1406.0	.755	12	1757.5	.063
3	1548.5	.572	**13**	**1784.5**	**.043**
4	1293.5	.312	14	1647.5	.235
5	**1791.0**	**.038**	15	1723.5	.098
6	1637.0	.266	16	1433.0	.881
7	**1937.0**	**.003**	**17**	**1796.0**	**.035**
8	1427.5	.855	**18**	**1866.0**	**.011**
9	1361.5	.554	**19**	**1876.5**	**.010**
10	1471.5	.929	**20**	**2053.0**	**.000**

The items 18, 19 and 20 refer to financial literacy, and thus, the difference can due to the discipline of the 2016 sample which is predominantly economics and management. The same can be supported for items 13 and 17 which correspond to ‘recruit’ and ‘train employees’. The increase for the rest two items that belong to business planning, i.e. 5 referring to ‘estimate customer demand’ and 7 referring to ‘estimate the initial start-up resources’, can also due to the evolution of entrepreneurship education from 2010 to 2016. Most of the numerous entrepreneurial courses are based on business plans with the marketing plan and the required initial capital be essential tasks for them. Remarkably, for all the rest 13 items no statistically important difference was found despite the difference in disciplines. Grouping the items into the five factors of McGee et al. (2009) (section 2.3), then the fourth one (i.e. implementation-management) shows a marginal dependence (p=.047) and the last one (i.e. implementation financial) a stronger one (p=.002) through the Mann-Whitney U tests. Therefore, we conclude that similar to the general self-efficacy, the entrepreneurial self-efficacy does not appear affected by the financial crisis in Greece.

4. Discussion

In the present comparative analysis we examined the entrepreneurial self-efficacy induced by entrepreneurial courses to science students. Students' samples from southern countries, e.g. Mexico, Colombia and South Africa, appear more self-confident in entrepreneurial tasks such as searching, planning, marshaling and implementing business ideas. This result is consistent with the findings of Walter and Block (2015) for the role of entrepreneurship education in business-hostile environments. Due to the lack of support and resources in these environments, potential entrepreneurs are expected to express higher levels of self-efficacy to start businesses and such an increase in self-efficacy should be a main goal of entrepreneurial courses. Conversely, in northern, developed countries such as USA and Germany, students appear less confident about searching, planning and marshaling business ideas.

Taking into account that the respondents of the survey come from science disciplines, and thus innovative start-ups are mostly supposed, the result of Figure 4 implies a North-South asymmetry in the conception of innovation that can only be understood as a discrepancy due to the different level of maturity of the local market. In developed, technological markets, competition is higher with higher failure rates for start-ups. In developing economies, innovation is usually thought a sufficient factor for market entry and a customary reason for new businesses' viability and success. Many new products and services can be developed 'from the scratch' and be further customized to meet the needs of local customers with a growing income. But in order to support the last argument further, a future comparison with other discipline (less inclined to innovation, e.g. economics, management, etc.) samples from the same countries is required.

The outcome of Figure 4 for the specific sets of entrepreneurial self-efficacy items (McGee et al., 2009), reveals a picture for Brazil that follows Mexico and Colombia but in a more modest manner. The Brazilian sample originally differs from the ones of the rest two countries in business planning tasks with the respective graduates feeling less confident about them. The Greek and Spanish samples follow a very close picture that differs from the German one with the Lithuanian sample lying 'between' them. This result supports a North-South asymmetry in the European region. The small difference between the Greek and the Spanish general self-efficacy scores (Figure 2) may be a moderating factor for the difference observed for the entrepreneurial self-efficacy as well (Figure 3). Finally, the Malaysian sample exhibits scores close to the German one for searching, marshaling and managing new business ideas but also higher scores for business planning and financial literacy. This result may due to the content of entrepreneurial courses taught there. A further discussion for the Malaysian sample needs a closer look at the recent development of entrepreneurship education in that country and culture.

Comparing the Greek samples of 2010 and 2016 we found no significant influence from the financial crisis in Greece on both general and entrepreneurial self-efficacies. This finding is intriguing since the opposite was initially expected and the respective datasets, used in this work, are limited for a robust establishment of such a result. Notwithstanding, a recent work of Davidsson and Gordon (2016) for the persistence of the Australian nascent entrepreneurs through the macroeconomic crisis supports the present finding. Since the Greek financial crisis has been tremendous for the last five years, the present primary result about its impact on youth entrepreneurship demands further research and a deeper understanding.

5. Conclusion

The present study examined cross-national differences in entrepreneurial self-efficacy induced by entrepreneurship education. The adopted data emanated from an Illinois State University survey for

entrepreneurship education worldwide in 2010. Science student samples from ten countries, thought as potential agents of innovation, illustrate North-South and East-West asymmetries in business self-confidence. Self-efficacy was found higher in southern countries and business-hostile environments. It was also found that the entrepreneurial self-efficacy of Greek youth population has not been significantly affected by the financial crisis from 2010 to 2016. These first indications will be examined in future research through the incorporation or other discipline student samples from the same countries and a more rich and assiduous re-examination of the Greek youth population of 2016.

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Trade Credit Guarantee Networks in the Readymade Garment Industry of Metiabruz, Kolkata

Deshmukh Jayeeta1 and Moitra Bhaswar2

[1]Assistant Professor, Department of Economics, Presidency University, India
Email: **jayeeta.econ@presiuniv.ac.in**
[2]Professor, Department of Economics, Jadavpur University, India
Email: **bmoitra@economics.jdvu.ac.in**

Abstract

We develop a model of strategic trade credit guarantee networks based on our field survey findings on the ready made garment industry of Kolkata where industry participants exchange favour, in terms of extending trade credit guarantees among them, in the the input markets of this industry. Our analysis highlights that pair- wise stable sub networks co-exist even in the absence of decay in benefits and enforcement problems and the number of components is an increasing step function of the cost of forming a link. We have shown that the network size, optimum member size of a network, depends on the cost of forming a link.

Keywords: Networks, Trade Credit

Introduction

In a world where economic actors are not anonymous, economic and social networks often play a major role in shaping economic outcomes. Garment manufacturing industry (informal) in the Metiabruz area of Kolkata, a city in the eastern part of India, is one such example in this regard. What we have found through our field survey on this industry is that providing direct trade credit in terms of fabric[65] to the buyers of input by the sellers of input in the input markets is a common trade practice in this industry. This is an industry where firms face idiosyncratic demand shocks very often and are in the need for additional trade credit over and above provided by their input sellers to take full advantage of the high demand.

Sometimes, input suppliers agree to provide trade credit to producers who do not belong to their direct networks if a guarantor guarantees the repayment of the loan. Usually producers who take trade credit from a particular input seller, and have close ties with the latter, are the potential guarantors for producers who do not have close links with the input seller. In general, a producer, who has credit surplus that is a difference between trade credit limit set by his input sellers and the amount of loan taken by him, is in a position to guarantee. In such cases, the existence of social and economic networks that facilitate transfer of this excess credit available to a producer who faces a low demand state to one who faces a high demand state is clearly welfare enhancing. We call this network as trade credit guarantee networks.

Optimum size of this trade credit guarantee networks is the central focus of this paper. In particular, we need to know whether the cost of forming a link has any role to play to determine the optimum size of the network.

[65] Producers buy in cash and take credit from the input suppliers only if they run out.

This paper contributes to the literature on group formation (Jackson and Wolinsky, 1996; Dutta, van den Nouweland, and Tijs, 1998; Bala and Goyal, 2000; Goyal and Moraga-González, 2001; Kranton and Minehart, 2001; Jackson and Watts, 2002; Goyal and Joshi, 2003; Bloch and Dutta, 2009; Jackson, M., T. Barraquer, and X. Tan. (2012); Jackson, 2014). Our paper is also related to the extensive literature on mutual insurance networks as there is mutual help among producers in terms of providing trade credit guarantees to each other (see, for example, Coate and Ravallion (1993), Murgai, Winters, Sadolet and de Janvry (2002), Fafchamps and Lund (2003), Genicot and Ray (2003), De Weerdt and Dercon (2006), Fafchamps and Gubert (2007), Bramoulle and Kranton (2007), Bloch, Genicot and Ray (2008)).[66] The underlying presumption, based on empirical observation, is that such networks are often based on kinship ties or geographical proximity. In the more recent theoretical literature, (Bramoulle and Kranton (2007), Bloch, Genicot and Ray (2008)) insurance ties are bilateral, though a person is free to have as many such ties as he pleases, and the reciprocity arrangements are self-enforcing. In our model, kinship or other kinds of ties that bring to bear external pressures to form ties, induce adherence to promised commitments play no role: people work in the same industry, perhaps work in a narrow geographical proximity, know each other, share information, and invest in maintaining professional relationships. To keep the model simple, we assume that enforcement of arrangements, i.e., offering to underwrite trade credit and repayments of such debt is not a problem, and postpone a more elaborate model building in the enforcement issues in a repeated game structure for future work[67] . [68]

The difference of this paper from the existing literature is that benefits from network membership do not decay with the number of links separating two individuals as in Jackson and Wolinsky (1996), Bala and Goyal (2000), Jackson and Watts (2002), Watts (2001), or as an extreme example, in Bramoulle and Kranton (2007), Bloch, Genicot and Ray (2008) where only players who are directly linked can help each other. Here, a producer act as a guarantor for another one if they are path connected in a network: a potential guarantor does not discriminate between his direct neighbours and indirect neighbours. Even so, we find that the network comprising of all players may be partitioned into disjoint components (more on this later) where a variety of architectural structures can co-exist simultaneously. Further, the size of such sub-networks, measured by the number of players in each one, falls as the cost of forming links rises.

The rest of the chapter is organized as follows. The basic features of the trade credit guarantee network is presented in the section 2. In section 3 we present the network formation. Section 4 concludes.

2. Basic features

Let there be $N = \{1,2,....,n\}$, $n > 1$, *ex ante* identical producers in the market. Producers sell their output in identical independent markets, where demand can be low or high with probabilities $p > 0$ and $(1-p) > 0$, respectively. We assume that these demand shocks are uncorrelated across the output markets. We further assume that each producer deals regularly with a single input seller, but individual input sellers may deal with more than one producer.

Designate the demand for trade credit, i.e., the credit that a producer wants from his input supplier by $L_l \geq 0$ in the low demand state and by $L_h > 0$ in the high demand state. Let $L_m > 0$ be the trade credit limit that the input supplier offers to a producer, where $L_l < L_m < L_h$. If a producer faces a high demand shock in his output market, then he would need some additional credit, $F = (L_h - L_m) > 0$, over and above what his own input supplier is willing to provide him.

[66]See Genicot and Ray (2003), footnote 3 for an extensive discussion of the related empirical literature.
[67] See Belleflamme and Bloch (2004) for a similar assumption.
[68] See Jackson, Rodriguez-Barraquer and Xu Tan (2012) for a gift exchange model where gift exchange norms are internally enforceable.

A producer, who faces a low demand shock in the output market, has a surplus of available trade credit $(L_m - L_l)$, over and above his own needs. This he can transfer to other producers if he acts as a guarantor for the latter if they purchase inputs from his own input seller. For computational simplicity, we assume that $F = L_m - L_l$. In a low demand state in his output market, we designate his profit by π_l and in a high demand state by $\pi(L_{cg})$, when he receives the amount L_{cg}, $F \geq L_{cg} \geq 0$, of trade credit guarantee. We assume that $\pi(0) > \pi_l$.

Assumption 1 [A1]. The profit function of producer i, $i \in N$, in the high demand state, designated by $\pi_i(L_{cg})$, is upward rising and concave in the size of the trade credit guarantee, L_{cg} with $\pi_i(0) > 0$.

2.1. Network structure

A pair $(i, j) \in N \times N$ and designated by ij is called a *link* between producers i and j. A set of pairs $ij \in N \times N$ and designated by $g(N)$ is called a *set of links*, or edges on the set of nodes N. The pair $(N, g(N))$ is called a *network*, or graph, on N. Where there is no possibility of confusion, we shall suppress N and write this simply as $g(N)$.[69] In this paper, the set of producers in the industry is the set of nodes[70] N. Let $g(N) - ij$ denote the network obtained by severing an existing link between nodes i and j from network $g(N)$, while $g(N) + ij$ is the network obtained by adding a new link between nodes i and j in network $g(N)$.

2.2. Trade Credit Guarantee.

Suppose that there is only one producer in M_i, say producer i, who gets a high demand shock. As no other producer in M_i other than producer i faces a high demand state, producer i gets the full amount of loan guarantee that he wants. More generally, as long as $n_h - 1 \leq n_l$, where n_h and n_l are the number of producers faced high demand shocks and low demand shocks in the output markets, respectively, producer i gets the full amount of loan guarantee that he wants. Formally, the maximum trade credit guarantee that producer i will get is given by

$$\hat{F} = \min[F, F\frac{n_l}{n_h}] \text{if } n_h > 0$$

$$= F \text{ Otherwise} \qquad (1)$$

Since, n_h and n_l are not known *a priori* to producer i, he does not know how much trade credit guarantee he can get from the network and, hence, forms expectation regarding how much profit he can earn by being a member of the network in the following way.

Suppose producer i is a member of the path connected sub network $(M, g(M))$ of the network $(N, g(N))$. The gross expected profit of producer i from the sub network, $(M, g(M))$ where $M \leq N$, before deducting his link formation costs, c > 0, is:

$$E\pi_i(g(M)) = p\pi_l + \sum_{k=1}^{m-1} {}^{m-1}c_k\, p^k (1-p)^{m-k} \pi\{\min(F, \frac{k}{m-k}F)\} + (1-p)^m \pi(0) \qquad (2)$$

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[69] See Diestel (2005) for a more elaborate exposition of graph theory.

[70] In this paper the terms node, player and producer are synonymous.

where $(m-1)$ is the maximum number of potential guarantors that producer i has in this sub network; $k \le m-1$ is the number of producers who get low demand shocks in their respective output markets among $(m-1)$ producers (excluding producer i); and $(m-k)$ is the number of producers who face high demand shocks in their respective output markets(including producer i).

The first term in equation (2) is the case where producer i faces a low demand shock in the output market. The probability of this happening is p. In this case, producer i does not require trade credit guarantee and receives profit π_l. The second term of equation (2) is the case where some producers $k \le m-1$(excluding producer i) are in a position to provide trade credit guarantees to other members of the sub network. The joint probability that k producers (excluding producer i) get bad shocks in their respective output markets, and the remaining $(m-k)$ producers (including producer i) get good shocks in their respective output markets, is ${}^{m-1}c_k\, p^k (1-p)^{m-k}$, where $k = 1,2,...,m-1$. In this case producer i gets a trade credit guarantee equivalent to either F or $\frac{k}{m-k}F$, whichever is smaller. The third term in equation (2) is the case where all m producers face good shocks in their respective output markets. The joint probability of this happening is $(1-p)^m$. Here, producer i gets no trade credit guarantee from the network, and receives a profit $\pi(0)$.

Now m, the number of producers in M, can be even or odd. Simplifying equation (2) we get

$$E\pi_i(g(M)) = \sum_{k=1}^{\frac{m}{2}-1} {}^{m-1}c_k p^k (1-p)^{m-k} A_k + \frac{1}{m-1}\, {}^{m-1}c_{\frac{m}{2}}\, p^{\frac{m}{2}} (1-p)^{\frac{m}{2}} A +$$

$$\sum_{k=\frac{m}{2}+1}^{m-2} (m-1-k) p^{m-k} (1-p)^{m-k} A + p(1-p)A + (1-p)\pi(0) + p\pi_l \qquad \text{(2a)}$$

when m is an even number, and

$$E\pi_i(g(M)) = \sum_{k=1}^{\frac{m-1}{2}} {}^{m-1}c_k\, p^k (1-p)^{m-k} A_k + \sum_{k=\frac{m-1}{2}+1}^{m-2} (m-1-k) p^{m-k} (1-p)^{m-k} A + p(1-p)A +$$

$$(1-p)\pi(0) + p\pi_l$$

(2b)

where m is an odd number. (See Appendix for full expressions of equation (2a) and (2b)

where $A_k = \pi(\min(1, \frac{k}{m-k})F) - \min(1, \frac{k}{m-k})\pi(F) - \{1 - \min(1, \frac{k}{m-k})\}\pi(0)$;

$A = \pi(F) - \pi(0)$.

An Example

Suppose that producer i is an isolated producer. Here, $M_i = \{i\}$. Since there is only one player in the component hence the number of potential guarantors for i is zero. His expected profit from being a

member of the empty sub-network $(M_i, g(M_i))$ is then given by: $E\pi_i(g(M_i)) = p\pi_l + (1-p)\pi(0)$ where $p \in (0,1)$ is the probability that he faces a low demand state in the output market[71]. Since, $\pi(0) > \pi_l > 0$, this implies that $E\pi_i(g(M_i)) > 0$.

Suppose now that producer i forms a link with another isolated producer j in $(N, g(N))$. If producer i faces a low demand state in his output market then he does not need a trade credit guarantee from producer j and his profit is π_l. The probability of this happening is p. If, however, producer i gets a high demand shock in the output market, and producer j a low demand shock in his output market, then producer j can provide a trade credit guarantee up to the amount that producer i requires, i.e., F. Producer i's profit then is $\pi(F) > \pi(0)$. The probability of this happening is $(1-p)p$. Therefore, producer i's gross expected profit before deducting his link formation costs is given by:

$$Ep_i(g(M_i)) = pp_l + (1- p)pp(F) + (1- p)^2 p(0) \tag{3}$$

Since producer j is identical with producer i, producer j has the same gross expected profit. This example tells us that forming a bilateral link is beneficial for both the producers. However, they will go on forming additional links until the marginal benefit from doing so is positive and above the cost of forming that link. The next proposition, Proposition 1 establishes that the marginal gross expected profit decreases with the number of players in M.

Proposition 1. i) Let m be even. Suppose that $2^{m-1}c_k(1-p)A_k > {}^{m}c_k(1-p)^2 A_k{}' + {}^{m-2}c_k A_k{}''$, and ${}^{m}c_{\frac{m}{2}}(1-p)A_{\frac{m}{2}}{}' < {}^{m-1}c_{\frac{m}{2}}\dfrac{1}{m-1}A$, for all $k = 1,2,3,....,\dfrac{m}{2}-1$. Then $E\pi_i(g(M))$ is concave in $|M|$.

ii) Let m be odd. Suppose that $2^{m-1}c_k(1-p)A_k > {}^{m}c_k(1-p)^2 A_k{}' + {}^{m-2}c_k A_k{}''$, and $2^{m-1}c_{k'}A_{k'} > {}^{m}c_{k'}(1-p)A_{k'}{}' + {}^{m-1}c_{k'+1}\dfrac{1}{m}pA$, for all $k = 1,2,3,....,\dfrac{m-1}{2}-1$ and $k' = \dfrac{m-1}{2}$. Then $E\pi_i(g(M))$ is concave in $|M|$.

Proof: See appendix. □

Since Proposition 1 tells us that the expected marginal benefit is a decreasing function of the size of a component, we are interested in knowing whether the cost of forming a link has any role in determining the optimal size of a component in our model. The next proposition shows that this is indeed true.

Proposition 2. Suppose that $c > 0$ and $E\pi_i(g(M_i))$ is concave in $m, m < n$. If $\{E\pi_i(g(M_i + ij)) - E\pi_i(g(M_i))\} < c < \{Ep_i(g(M_i)) - Ep_i(g(M_i - ik))\}, \forall i \neq k \in M_i$, where $j \in N - M_i$ then $(M_i, g(M_i))$ is a component of size $m < n$.

Proof: See appendix. □

An implication of Proposition 2 is that several components may co-exist in a network. The next proposition captures this intuitive notion and shows how many components can co-exist given the parameter values.

[71] As we assume that the social norm of offering to guarantee trade credit and timely repayment is internally enforceable, looking at one period expected benefit suffices, since along the equilibrium path of the repeated game the same benefit function gets repeated ad infinitum. See Bendor and Mookherjee (1990) for a similar argument.

Proposition 3. Let α be the largest positive integer such that $\alpha m \le n$. If (i) $\alpha \ge 1$ and $\alpha m = n$ then the network $(N, g(N))$ has exactly α components of size m, (ii) $\alpha \ge 1$ and $\alpha m < n$ then $(N, g(N))$ has α components of size m, and one component of size $n - \alpha m$.

Proof: Trivial. □

Corollary 1. Suppose that for all path connected sub-networks $(M, g(M))$ of $(N, g(N))$ with $c < \{E\pi_i(g(M + ij)) - E\pi_i(g(M))\}$. Then any component of $(N, g(N))$ has exactly n players and is not necessarily the network $(N, g(N))$.

Proof: See appendix. □

What Corollary 1 and Proposition 3 say is that there is at most one component in the network $(N, g(N))$ whose size is not m. Further, the monotonicity of the marginal expected benefit, before deducting link formation costs, function ensures that m is a declining step function of c and, hence, the number of components in the network $(N, g(N))$ is an increasing step function of c.

So far we have confined our attention to the case where a member of a non-empty network can form links only with isolated players. In principle, forming a bridge between components generates more benefits than forming a link with an isolated player, since, a bridge links a player to a larger set of players than an isolated player. The next proposition deals with this issue.

Proposition 4. Let $(M_1, g(M_1))$ be a component and $(M_2, g(M_2))$ be a path connected sub-network of the network $(N, g(N))$ such that $|M_1| = m$ and $|M_2| = m' > 1$, and $M \cap M' = \phi$. Let $c > 0$. Then the path-connected sub-network $(M_1 \cup M_2, (g(M_1 \cup M_2))$ is not pair wise stable.

Proof: See appendix. □

Concluding remarks.

In this chapter we have assumed that enforcement problems do not arise. By itself, this reduces the role of a guarantor to that of an introducer only. However, in the absence of formal legal contracting, the guarantor, in effect, promises to compensate fully in the event of a default. The absence of enforcement problems, therefore, means that there is a mechanism in place that ensures that refusal to act as a guarantor (even an indirect one) and strategic default can be ruled out. Trade credit guarantee networks as a whole is that mechanism.

The next important feature is that producers form stable disconnected groups among themselves and extend trade credit guarantees to the network members only even in the absence of enforcement problem just for economic reasons , i.e., for profit motive.

Appendix:

The full expression of equation (2a) is:

$$E\pi_i(g(M)) = {}^{m-1}c_1 p(1-p)^{m-1}A_1 + {}^{m-1}c_2 p^2(1-p)^{m-2}A_2 + {}^{m-1}c_3 p^3(1-p)^{m-3}A_3 + \ldots\ldots\ldots\ldots + {}^{m-1}c_k p^k(1-p)^{m-k}A_k + {}^{m-1}c_{\frac{m}{2}-1}\, p^{\frac{m}{2}-1}(1-p)^{\frac{m}{2}+1}A_{\frac{m}{2}-1} + \frac{1}{m-1}\,{}^{m-1}c_{\frac{m}{2}}\, p^{\frac{m}{2}}(1-p)^{\frac{m}{2}}A_{\frac{m}{2}} + [(\frac{m}{2}-2)p^{\frac{m}{2}-1}(1-p)^{\frac{m}{2}-1} + (\frac{m}{2}-3)p^{\frac{m}{2}-2}(1-p)^{\frac{m}{2}-2} + \ldots + (m-1-k)p^{m-k}(1-p)^{m-k} + \ldots\ldots + p(1-p)][\pi(F)-\pi(0)] + (1-p)\pi(0) + p\pi_l$$

And the full expression of equation (2b) is:

$$E\pi_i(g(M)) = {}^{m-1}c_1 p(1-p)^{m-1}A_1 + {}^{m-1}c_2 p^2(1-p)^{m-2}A_2 + {}^{m-1}c_3 p^3(1-p)^{m-3}A_3 + \ldots\ldots\ldots\ldots + {}^{m-1}c_k p^k(1-p)^{m-k}A_k + \ldots\ldots + {}^{m-1}c_{\frac{m-1}{2}}\, p^{\frac{m-1}{2}}(1-p)^{\frac{m-1}{2}+1}A_{\frac{m-1}{2}} + [(\frac{m-1}{2}-2)p^{\frac{m-1}{2}-1}(1-p)^{\frac{m-1}{2}-1} + (\frac{m-1}{2}-3)p^{\frac{m-1}{2}-2}(1-p)^{\frac{m-1}{2}-2} + \ldots + (m-1-k)p^{m-k}(1-p)^{m-k} + \ldots\ldots + p(1-p)][\pi(F)-\pi(0)] + (1-p)\pi(0) + p\pi_l$$

where $A_1 = \pi(\min(1, \frac{1}{m-1})F) - \min(1, \frac{1}{m-1})\pi(F) - \{1 - \min(1, \frac{1}{m-1})\}\pi(0);$

$$A_2 = \pi(\min(1, \frac{2}{m-2})F) - \min(1, \frac{2}{m-2})\pi(F) - \{1 - \min(1, \frac{2}{m-2})\}\pi(0);$$

$$A_3 = \pi(\min(1, \frac{3}{m-3})F) - \min(1, \frac{3}{m-3})\pi(F) - \{1 - \min(1, \frac{3}{m-3})\}\pi(0);$$

………………………………………………………………………….

$$A_{\frac{m}{2}-1} = p(\min(1, \frac{m-2}{m+2})F) - \min(1, \frac{m-2}{m+2})p(F) - \{1 - \min(1, \frac{m-2}{m+2})\}p(0);$$

$$A = p(F) - p(0).$$

Proof of Proposition 1.i) Let m be even**.** $E\pi_i(g(M))$ is concave if $\{E\pi_i(g(M')) - E\pi_i(g(M))\} - \{E\pi_i(g(M)) - E\pi_i(g(M''))\} < 0$.Now

$$\{E\pi_i(g(M')) - E\pi_i(g(M))\} - \{E\pi_i(g(M)) - E\pi_i(g(M''))\}$$

$$= \sum_{k=1}^{\frac{m}{2}-1} p^k(1-p)^{m-1-k}[{}^{m}c_k(1-p)^2 A_k' + {}^{m-2}c_k A_k'' - 2\,{}^{m-1}c_k(1-p)A_k] +$$

$$p^{\frac{m}{2}}(1-p)^{\frac{m}{2}-1}[{}^{m}c_{k'}(1-p)A_{\frac{m}{2}}{}' - {}^{m-1}c_{\frac{m}{2}}\frac{1}{m-1}A]$$

where, $A_k'' = \pi(\min(1,\frac{k}{m-1-k})F) - \min(1,\frac{k}{m-1-k})\pi(F) - \{1-\min(1,\frac{k}{m-1-k})\}\pi(0)$

Inspection of this equation shows that the theorem is true when $2^{m-1}c_k(1-p)A_k > {}^{m}c_k(1-p)^2 A_k' + {}^{m-2}c_k A_k''$, and ${}^{m}c_{\frac{m}{2}}(1-p)A_{\frac{m}{2}}{}' < {}^{m-1}c_{\frac{m}{2}}\frac{1}{m-1}A$, for all values of $k = 1,2,3,....,\frac{m}{2}-1$.

ii) Let m be odd. $E\pi_i(g(M))$ is concave if $\{E\pi_i(g(M'))-E\pi_i(g(M))\} - \{E\pi_i(g(M))-E\pi_i(g(M''))\}<0$.Now

$$\{E\pi_i(g(M'))-E\pi_i(g(M))\} - \{E\pi_i(g(M))-E\pi_i(g(M''))\}$$

$$= \sum_{k=1}^{\frac{m-1}{2}-1} p^k(1-p)^{m-1-k}[{}^{m}c_k(1-p)^2A_k' + {}^{m-2}c_kA_k'' - 2^{m-1}c_k(1-p)A_k] +$$

$$p^{\frac{m-1}{2}}(1-p)^{\frac{m-1}{2}-1}[{}^{m}c_{\frac{m-1}{2}}(1-p)A_{\frac{m-1}{2}}{}' + \frac{1}{m}{}^{m}c_{\frac{m-1}{2}+1}pA - 2^{m-1}c_{\frac{m-1}{2}}A_{\frac{m-1}{2}}]$$

Inspection of this equation shows that the theorem is true when $2^{m-1}c_k(1-p)A_k' > {}^{m}c_k(1-p)^2A_k + {}^{m-2}c_kA_k''$, and $2^{m-1}c_{k'}A_{k'} > {}^{m}c_{k'}(1-p)A_{k'}{}' + {}^{m}c_{k'+1}\frac{1}{m}pA$, where $k' = \frac{m-1}{2}$, and $k = 1,2,3,....,\frac{m-1}{2}-1$. □

Proof of Proposition 2. The condition $\{E\pi_i(g(M_i+ij))-E\pi_i(g(M_i))\} < c < \{E\pi_i(g(M_i))-E\pi_i(g(M_i-ik))\}$, where $j \in N-M_i$ and $i \neq k \in M_i$, guarantees that the path connected sub network $(M_i, g(M_i))$ is stable. Concavity of $E\pi_i(g(M_i))$ guarantees that the size of such a stable sub- network is unique. □

Proof of Corollary 1.The condition $c < \{E\pi_i(g(M+ij))-E\pi_i(g(M))\}$ implies that there is no path connected sub network $(M, g(M))$ of $(N, g(N))$ that is pair wise stable, as addition of one more player in the sub network is profitable for each player in M. Addition of players in a sub network stops when the number of players in it reaches n. Since the resulting sub network is stable, the network $(N, g(N))$ may have cycles, a component of $(N, g(N))$ need not be equal to $(N, g(N))$. □

Proof of Proposition 4. Let $i \in M_1$ and $j \in M_2$. The link ij is profitable for both players if and only if $\{E\pi_i(g(M_1 \cup M_2))-E\pi_i(g(M_1)\} > c$ and $\{E\pi_j(g(M_2 \cup M_1))-E\pi_j(g(M_2)\} > c$. Suppose this is true. The resulting path connected sub network $(M_1 \cup M_2, g(M_1 \cup M_2))$ has $m+m' > m$ players. Since the sub network $(M_1, g(M_1))$ is a component of the network $(N, g(N))$ by

Proposition 3, its size m is the maximum size of a stable path connected sub network. Hence, by Proposition 3, the path connected sub network $(M_1 \cup M_2, g(M_1 \cup M_2))$ can not be stable.

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The implementation of the European Youth Guarantee: a step forward for Malta and Spain

Boutsiouki S.

Department of International and European Studies, University of Macedonia,
156 Egnatia street, 546 36, Thessaloniki, Greece, e-mail: sofiab@uom.edu.gr

Abstract

The promotion of young people's interests has become a priority in the European Union (EU) agenda. The Youth Guarantee Initiative expresses the commitment of the EU to reinforce its dynamics towards collective action favouring the development of youth potential. The initiative actually incorporates a twofold aim. On one hand, it attempts to mobilise more stakeholders and resources targeting the social integration and the smoother labour market transition of young individuals. On the other hand, it aspires to raise awareness with regard to youth prospects, so that broader and sustainable commitments are undertaken. Each member state submitted a national Youth Guarantee plan that was designed according to its particular needs and capabilities, and in compliance with the initiative's principles. The paper attempts a critical approach of the implementation of the Youth Guarantee Initiative in two south European countries, Malta and Spain. The focus on the two specific countries is incited by the fact that their socioeconomic circumstances present interesting particularities. First, the paper makes a short reference to the European institutional framework that is being developed in order to promote favourable conditions for young people. Moreover, it describes the socioeconomic environment of Malta and Spain and places special emphasis on issues concerning the situation in employment and education, which can decisively determine any intervention's outcomes. Then, it analyses the countries' national Youth Guarantee plans and tries to designate their particular characteristics. It draws the attention especially to the education and employment policy interventions, the funding provisions and the role of stakeholders in the initiative's implementation. Finally, the paper attempts an evaluation of the Youth Guarantee schemes that are under implementation in the two countries, in an effort to either uncover deficiencies or to highlight potential good practices, which in the long-term would operate as valuable precedent experiences for other member states.

Keywords: Youth Guarantee, youth policies, employment, education/training, labour market

JEL Classification Codes: F66, F68, O20

1 Introduction

The interests of young people have become a key priority in the European Union (EU) agenda. The instability of the global socioeconomic environment has resulted in the dramatic increase in youth unemployment rates, in the intensification of skills mismatches and erosion, and in the deterioration of the social implications for them. The aggravation of youth prospects obliged the EU to reinforce its dynamics towards collective action favouring the development of youth potential. The member states are encouraged to support the transition of young individuals to the labour market and to facilitate them to exercise a proactive role as social and economic actors in the European societies. By introducing the Youth Guarantee Initiative in April 2013 the EU and the national authorities pledged "to ensure that all young people under the age of 25 years receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education". The initiative actually incorporates a twofold aim. On one hand, it attempts to mobilise more stakeholders and resources targeting the social integration and the smoother labour market transition of young individuals. On the other hand, it aspires to raise awareness with regard to youth prospects, so that broader and sustainable commitments are undertaken. Each member state submitted its national Youth Guarantee plan that was designed according to its particular needs and capabilities, and in compliance with the initiative's principles.

The paper attempts a critical approach of the implementation of the Youth Guarantee Initiative in two south European countries, Malta and Spain. The focus on the two specific countries is incited by the fact that their socioeconomic circumstances present interesting particularities. First, the paper makes a

short reference to the European institutional framework that is being developed in order to establish better social and professional prospects for young people, and to the conditions that led to the introduction of the European Youth Guarantee Initiative. Moreover, it describes the socioeconomic environment of Malta and Spain and places special emphasis on issues concerning the situation in the fields of employment and education that can decisively determine youth prospects. Then, it makes a comparative and in depth analysis of the countries' national Youth Guarantee plans in an attempt to define the circumstances under which each country planned its Youth Guarantee interventions and to designate their particular characteristics that may exercise significant influence on the final outcomes of any intervention. It draws the attention especially to the education and employment policy measures, the eligibility and the funding provisions and the role of stakeholders in the initiative's implementation. Finally, the paper concludes with a brief evaluation of the Youth Guarantee schemes that are under implementation in the two countries, in an effort to either uncover deficiencies or to highlight potential good practices, which in the long-term would operate as valuable precedent experiences for other member states.

2 The European Youth Guarantee Initiative

Young people constitute a very important part of a country's population, because they are the ones who will promote its interests and will be responsible for its social and economic development in the future. Even so, they appear extremely vulnerable during broader changes and their integration has always been quite challenging. Young people are usually at greater risk than the rest of the population, when economic transformations take place, and they always confront more intense difficulty in their transition to the labour market. They are often recruited under temporary (short-term) contracts, usually accept less favourable working conditions and are in constant danger of losing their jobs, because of their limited professional experience and of their skills often being questioned by employers (Bussi and Geyer, 2013; O' Higgins, 2010). In general, unemployment results in individuals losing their self-confidence and sense of control, which may lead to a decrease of cognitive abilities in general and may diminish their motivation to undertake initiatives in order to exit unemployment (Sen, 1997). Also, there are other 'costs' that have to be taken into consideration, such as the dramatic effects on health, personal and family life, and social behavior; de-socialisation and loss of networks and opportunities, of self-esteem and personal fulfillment not only reduce human capital, but also impair one's ability to augment it (Wisman, 2010).

The incorporation of the European Youth Guarantee Initiative in the EU policy context is the result of the broader debate that has developed globally regarding the deterioration of the socioeconomic conditions for young people and the urgency for organised interventions in order to confront the challenges arising from persisting high unemployment. In addition, the danger of young people becoming discouraged by the deficiencies in the socioeconomic environment and by the lack of corrective interventions, may ultimately lead to feelings of resignation and complete detachment from it. Under such circumstances, the danger of a 'violent reallocation'[72] of the existing human capital becomes more imminent than ever and increases the negative implications for both the countries and the individuals themselves. For this reason, the efforts of international organisations and countries to promote the appropriate policy measures that improve youth prospects have intensified. The International Labour Organization/ILO (2012a; 2012b) promotes a multi-level approach for the improvement of the labour market environment. This approach is considered easily adaptable to the particular conditions of each country and is constructed around five policy areas:

i. Introduction of policies that aim at increasing aggregate demand and at improving access to finance.

ii. Provisions for education/training in order to support the school-to-work transition.

iii. Introduction of labour market policies especially for young people from disadvantaged groups.

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[72] With the term 'violent reallocation' the author symbolically describes the multifaceted challenges which individuals have to manage in the modern labour market: valuable human resources are either being forced to migrate for professional purposes or are simply neglected and marginalised in labour markets that are segmented or exclusive and, therefore, rather unfavourable for young individuals especially.

iv. Enhancement of youth entrepreneurship in order to support job creation for both entrepreneurs and employees.

v. Introduction of the necessary legislation in order to secure young individuals' equal treatment and working rights in their jobs.

The concept of youth guarantee had been successfully implemented in many European countries before it became a key point in the EU policies regarding the employment prospects of young cohorts. The Nordic countries were the first to introduce such schemes and a few years later others followed, such as Germany, Austria and Belgium (Besamusca, Stanesku and Vauhkonen, 2012; Hummeluhr, 1997; Lecerf, 2014). Youth guarantee schemes may include different interventions, which help young people to develop their competences further and thus to improve their employability, as well as to support their self-esteem and willingness to undertake their own initiatives. The measures may be implemented either independently from each other or in coordination with others under the supervision of national or regional services. In general, three types of measures have been designated (European Commission, 2011; Hummeluhr, 1997; ILO, 2013):

i. Education/training measures, which include interventions in general education, in vocational education and training (VET) and in labour market training.

ii. Measures for the improvement of employment services and programmes, which target the improvement of employment planning, job-search assistance and subsidies.

iii. Other active labour market policies (ALMPs), which refer to various forms of support through public works, community services and business start-up programmes.

It must also be noted that a variation in the eligibility criteria usually appears among different countries; national authorities usually introduce particular criteria that are related to age (up to 24 or to 29 years of age), to the educational level (up to tertiary education or other), to the duration of interventions and the period of time between one's graduation and the beginning of the programme (ILO, 2013). Such a variation is related to each country's actual needs as regards young people, as well as to its model of production.

Overall, the valuable experience gained from previous youth guarantee initiatives that were successfully implemented in various national socioeconomic environments designated them as an important instrument for coordinated pro-youth policy interventions in the EU, when other piecemeal measures did not prove successful. However, there is considerable evidence that, over the years, youth guarantee projects proved to be rather successful in improving youth transition to the labour market, but they seem to lose part of their dynamics during an economic crisis (ILO, 2013).

The aggravation of the economic conditions and the concerns over their social implications for young people alarmed European authorities. In December 2012 the European Commission introduced the Youth Employment Package in an effort to encourage innovative practices for the facilitation of youth transition to the labour market (European Commission, 2012a; 2012b). The particular initiative was also welcomed by the European Parliament, which has repeatedly expressed its support to actions towards such aims (European Parliament, 2010; 2012; 2013). The achievement of a broader consensus allowed the European authorities to give a concrete character to the implementation of the Youth Employment Package through the establishment of the Youth Employment Initiative/YEI in March 2013 (European Commission, 2013b). The YEI plays an important role in the EU youth policies. Its actions target regions where youth unemployment rates are higher than 25%, as well as NEETs 15-24 years old, who are extremely vulnerable to labour market transformations. The YEI promotes the establishment of particular policy measures by the member states themselves, which in addition are encouraged to transform their services –educational, employment, social– in order to improve their efficiency and to enhance the education-labour market interaction. Furthermore, it includes specific funding provisions for a budget of €6bn for the period 2014-2020, which are to be drawn from two different sources; €3bn will be drawn from a specific EU budget line dedicated to youth employment, which will act as an informal youth unemployment fund and will exploit any margins that will be left available below the Multiannual Financial Framework ceilings for the years 2014-2017; another €3bn will be drawn from the European Social Fund national allocations that should be used in projects combating youth unemployment. However, the size of the initiative's target groups is disproportionate to the amount of money that is due to be allocated to their needs. Therefore, concerns regarding the

financial sustainability of the initiative and the probability of success of its outcomes appear to be completely justified (Boutsiouki, 2016).

The introduction of the YEI was almost immediately connected to the establishment of the Youth Guarantee Initiative in April 2013 (Council of the European Union, 2013). Besides the existing experience that had already been gained by the EU through previous interventions for youth, the YEI would secure funds that would at least partially support the new initiative. The introduction of the Youth Guarantee Initiative at a time when the socioeconomic prospects of young people confront unprecedented challenges, manifests the commitment of the EU and of the member states' authorities "to ensure that all young people under the age of 25 years receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education". Its projects have to include coordinated actions aiming at making the transition of young people to the labour market easier; they can either increase their professional opportunities or help them to develop their competences and qualifications further in order to match the labour market demands.

Following the introduction of the Youth Guarantee Initiative, the European Commission undertook a more proactive role by suggesting the establishment of an organised implementation model with the engagement of multiple stakeholders. Such a model would enhance young people's opportunities for work, education or training, would increase mobility and address skills shortages. It also recognised the decisive role of the schemes' economic dimension for their success. For this reason the European Structural Funds were designated as additional funding sources that should be used in combination with national resources (European Commission, 2013a).

The process of introducing the Youth Guarantee Initiative received additional endorsement by the European Council that characterised the phenomenon of high youth unemployment as 'unacceptable' and acknowledged the urgency of the matter by placing it first in its agenda. Moreover, the EU member states were encouraged to draft their national plans until the beginning of 2014 and to implement the Youth Guarantee principles according to their needs (Conclusions of the European Council, 2013). However, the implementation of the initiative poses significant challenges with regard to the institutionalisation of the interventions, the consistency of the stakeholders' participation, the inclusiveness and the funding prospects of its projects (Boutsiouki, 2016).

The importance of the issue led the European authorities to encourage the design and the urgent submission of the national Youth Guarantee plans by January 2014. Greatest priority was given to countries where the youth unemployment rates were higher than 25%. After their approval by the European Commission, the plans were to be implemented for two years. Then, they should be revised in order to take advantage of the experience acquired and of the good practices already tested by other member states[73]. The planning and the implementation process of the national projects had to take into account three fundamental principles (Council of the European Union, 2013):

a. The establishment of a partnership approach between all stakeholders is necessary. The group of stakeholders included the state authorities, the public and the private employment services, various education providers, the social partners, youth organisations and the young beneficiaries.

b. The projects should provide for early intervention and activation.

c. The projects should be based on orienting policies and services towards the youth integration in the labour market.

The aforementioned principles depict the development of strong awareness in the European environment regarding the urgent need for common and coordinated interventions by broader groups of actors in order to focus on and finally to achieve the transition of young individuals to employment. However, they also imply the complexity of the matter and the difficulty in finding the appropriate solutions for a multifaceted situation that significantly differs among countries. From all the above

[73] The first phase of the implementation of the national Youth Guarantee plans expired in the end of 2015. The plans are currently being revised under the close supervision of the European authorities and according to their recommendations. The monitoring of the Youth Guarantee interventions through the European Semester process constitutes an indication of the initiative's importance and at the same time it is a mechanism through which additional pressure for its responsible management is exercised on countries.

reasons, it can be argued that the importance of the Youth Guarantee schemes being able to achieve successful outcomes at both operational and symbolic level clearly makes the careful implementation and the close supervision of the measures primary requirements in its processes.

3 Socioeconomic characteristics of Malta and Spain

Both situated at the Mediterranean, Malta and Spain project dissimilarities in their economic performance. The exploration of certain basic characteristics of the economies of Malta and Spain would contribute to the better understanding of the circumstances that prevail in their socioeconomic environment. It would also be very useful for an in depth approach of each country's perceptions regarding the youth employment inefficiencies and the particular orientation of its Youth Guarantee plan.

Table 1. Basic economic characteristics of Malta

Malta		2012	2013	2014	2015	2016 (forecast)	2017 (forecast)
Population: 0.4m	GDP (US$ bn.) [b]	8.7	9.5		9.8		
	GDP growth (%, yoy) [a]	2.8	4.1	3.7	6.3	4.1	3.5
	GDP per capita (US$) [b]	20,852	22,872		22,734.23		
	GDP (PPP) as share (%) of world total [b]	0.01	0.01	0.01	0.01		
	Gross public debt (% of GDP) [a]	67.5	68.6	67.1	63.9	100.3	99.6
	Competitiveness Ranking [b]	41	47	48	48		

[a] European Commission, Directorate-General for Economic and Financial Affairs, 2016.
[b] World Economic Forum, The Global Competitiveness Report, various years.

Malta appears not to have been influenced by the economic crisis significantly. Its unemployment rates remain the 4th lowest in the EU and employment data show that young people face limited difficulty in their transition to the labour market. The significant improvement of Malta's basic economic characteristics, such as the GDP, the GDP growth and the GDP per capita, and the limitation of the gross public debt implies an enhancement of the country's economic performance since 2012 in spite of the turbulence caused by the global financial crisis. Nevertheless, the country has lost seven positions in the competitiveness ranking and the World Economic Forum forecasts a big increase in its gross public debt in 2016 and 2017 (Table 1). These facts constitute a concrete warning for potential economic deficiencies that call for urgent corrective interventions. The country's deficiencies have been highlighted by the European authorities during the European Semester process (Council of the European Union, 2015; European Commission, 2015a; 2016a) and must be addressed before causing long-term negative effects on its economy.

Unlike Malta, Spain is one of the EU member states that have been hit by the 2008 financial crisis more dramatically than most other European countries. In spite of the augmentation of its financial difficulties and the need for immediate actions, until now Spain has followed a different path than other countries with similar problems. The country decided not to enter the proposed economic adjustment programme ('Memorandum of Understanding') that would be financed and supervised by the European Union/EU and the International Monetary Fund/IMF, but to implement the necessary reforms by itself instead. As regards the challenges confronted by the banking sector, although the country was forced to enter a Memorandum of Understanding with the EU (20.7.2012), eventually it decided to collect only 1/3 of the external financial aid and to leave the programme earlier (31.12.2013). Besides the financial and the economic consequences for the entire population, the country experiences an unprecedented increase in youth unemployment, which is the 2nd highest in the EU and causes a lot of justifiable concerns.

During the same period of time, as the crisis reached its peak, Spain experienced a significant decrease of its GDP and GDP per capita, as well as a disturbing increase in its gross public debt. However, the GDP growth gradually turned from negative to positive numbers and its competitiveness ranking improved by two positions indicating a change in the climate for the country's economy for the better (Table 2).

Table 2. Basic economic characteristics of Spain

Spain		**2012**	**2013**	**2014**	**2015**	**2016** (forecast)	**2017** (forecast)
Population: 46.4m.	GDP (US$ bn.) [b]	1,352.1	1,358.7		1,199.7		
	GDP growth (%, yoy) [a]	-2.6	-1.7	1.4	3.2	2.6	2.5
	GDP per capita (US$) [b]	29,289	29,150		25,864.72		
	GDP (PPP) as share (%) of world total [b]	1.70	1.60		1.42		
	Gross public debt (% of GDP) [a]	85.4	93.7	99.3	99.2	100.3	99.6
	Competitiveness Ranking [b]	35	35	33	33		

[a] European Commission, Directorate-General for Economic and Financial Affairs, 2016.
[b] World Economic Forum, The Global Competitiveness Report, various years.

Also, the unemployment rates of Malta and Spain with regard both to the total population and to persons less than 25 years old differ very much.

On one hand, in both groups Malta's unemployment rates remain at low levels ([total] 2008: 6% vs. 2015: 5.4%; [less 25 years] 2008: 11.7% vs. 2015: 11.8%) and below the EU average ([total] 2008: 7% vs. 2015: 9.4%; [less 25 years] 2008: 15.9% vs. 2015: 20.3%). These rates appear to have stayed rather stable during the particular period of time, as they had been during the years before the crisis, thus indicating that the conditions in the labour market were not significantly affected by the crisis (Figures 1 and 2 respectively).

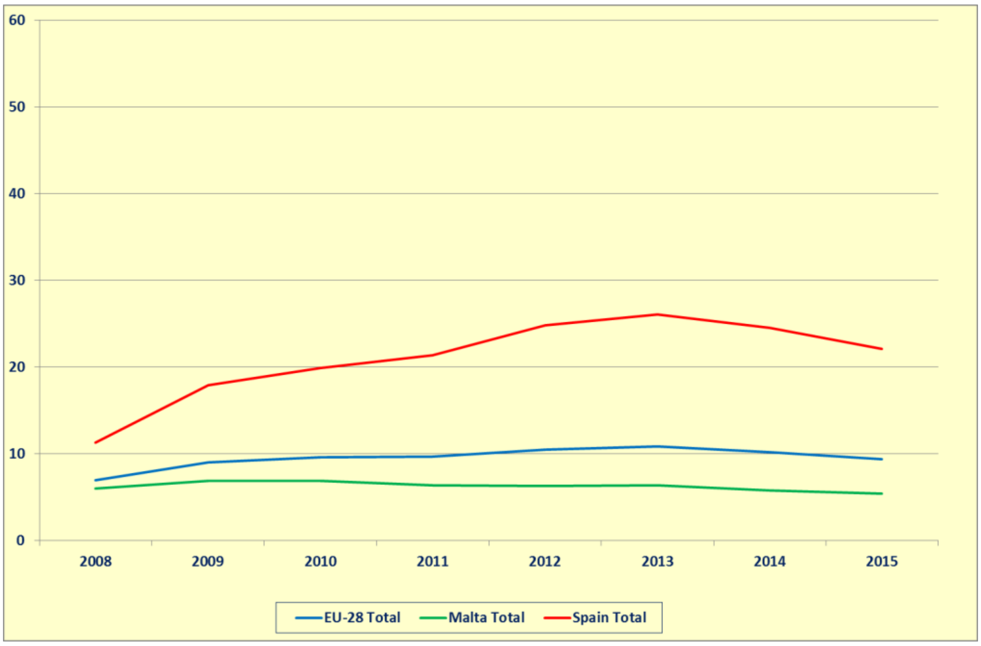


Figure 1. Unemployment rates (%) – Total population (2008-2015)

Source: Eurostat

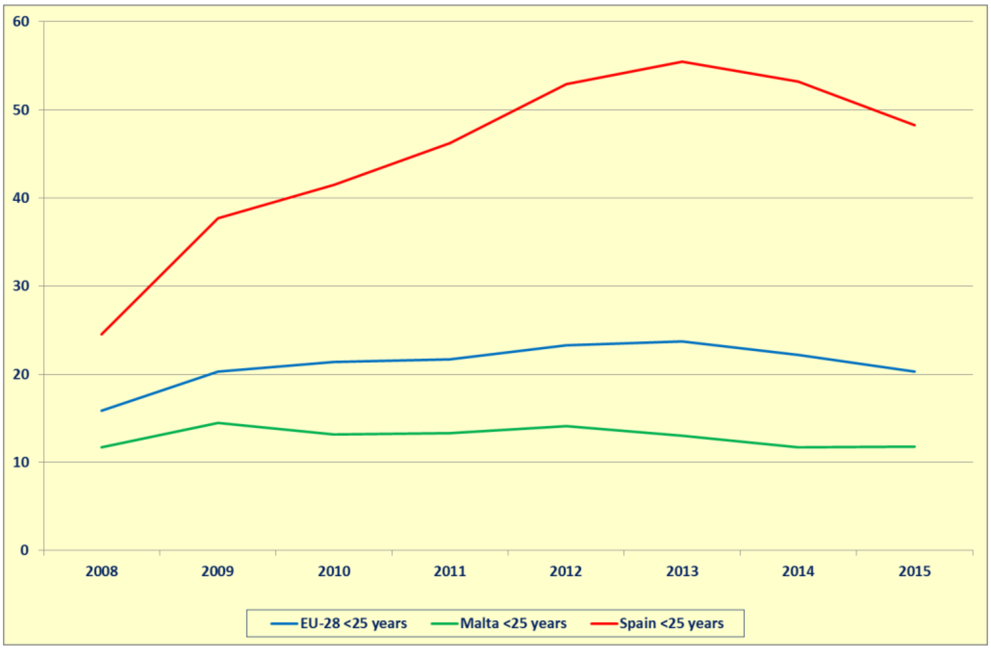


Figure 2. Unemployment rates (%) – Persons <25 years (2008-2015)
Source: Eurostat

On the other hand, Spain was already experiencing very high unemployment rates in both the total population and the persons less than 25 years in the beginning of the crisis (2008: [total] 11.3%; [less than 25 years] 24.5%). These rates reached their peak in 2013 ([total] 26.1%; [less than 25 years] 55.5%) and still remain the 2nd highest in the EU (2015: [total] 22.1%; [less than 25 years] 48.3%). In general, since 2014 and 2015, youth unemployment started to fall at a faster rate than the overall unemployment, but the share of young people affected by unemployment remains very high compared to other cohorts (Figures 1 and 2 respectively).

The employment prospects of NEETs (Not in Employment, Education or Training) constitute one of the main issues of interest for European youth policies, because they are related not only to the professional, but also to the social inclusion of a large part of the young population in the EU. The fact that the unfavourable socioeconomic conditions deprive the particular group of young people from opportunities to participate in employment or education and training activities intensifies their difficulty in enhancing their skills and competences and in improving their labour market prospects. Furthermore, the inability of the European economies to successfully incorporate the potential of more than 14m NEETs' aged 15-29 years in their developmental activities causes considerable economic costs for most countries, which in 2011 were estimated to €153bn and were equivalent to 1.2% of EU GDP (Eurofound 2012a). The European countries have become aware of the social and the economic implications caused by the continuous increase in the NEETs numbers. For this reason they have engaged in the establishment of a coordinated youth strategy that targets the causal factors.

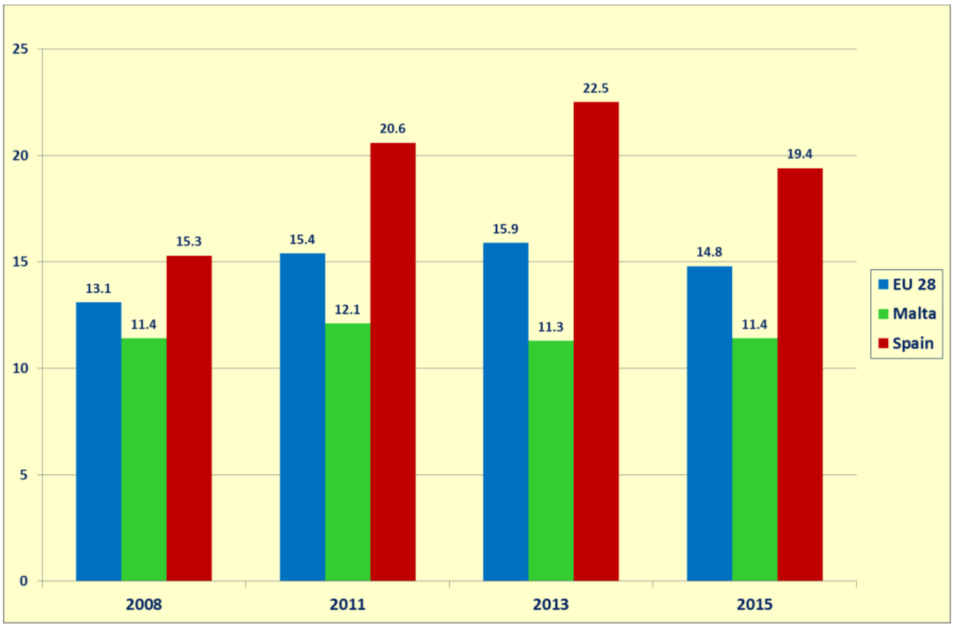


Figure 3. NEETs (Not in Employment, Education or Training) – 2008-2015 (%)
Source: Eurostat

Malta appears to face fewer problems in securing employment for its young cohorts compared to Spain. Also, the gap between the two age groups of NEETs is much narrower than the one in the case of Spain ([15-24 years] 10.4% - [25-29 years] 13.1%). However, the country cannot ignore the relatively large number of NEETs that will probably increase, if no action is taken. Therefore, Malta has to undertake specific actions in order to use the positive climate in the country's economy, and to offer them the support that matches their needs. These actions should target either NEETs transition to the labour market or their advanced participation in education and training (Figures 3 and 4).

Spain faces a much more complicated situation than Malta with NEETs, whose rates have been much higher than the EU average and are the 2nd highest in Europe (19.4% vs. 14.8%). NEETs who are 25-29 years old (26%) confront more intense difficulties in entering employment than those who are 15-24 years old (15.6%), because the former have already concluded their studies and are seeking for work in a labour market with very limited professional opportunities (Figures 3 and 4).

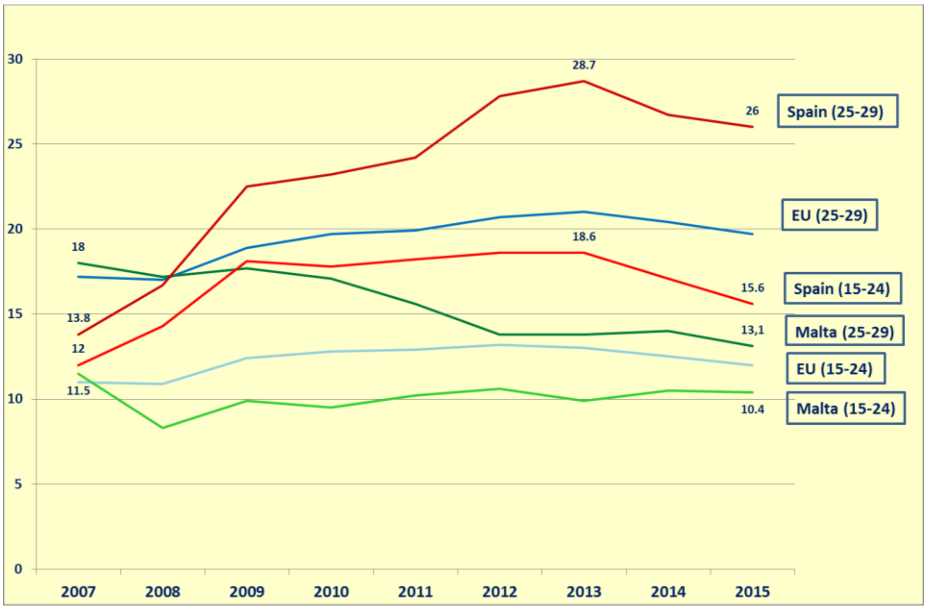


Figure 4. NEETs (Not in Employment, Education or Training) by age group – 2007-2015 (%), Source: Eurostat

The comparison of the performance of the two countries towards the Europe 2020 national targets is also very interesting (Figure 5) and designates details that exercise certain influence on the policy interventions that each country has to provide for.

Malta appears more successful in the field of employment. It has moved quite close to its national target in 2015 (2015 indicator: 67.8% vs. national target: 70%) compared to Spain, which lags behind by 12 percentage units (2015 indicator: 62% vs. national target: 74%).

In the field of early school leavers, Spain has better results. It has achieved to lower their rates to 20%, when the national target is set to 15%. On the contrary, in Malta the early school leavers' rates are still double than the expected ones (2015 indicator: 19.8% vs. national target: 10%). This fact results in many young individuals lacking important skills and competences and, thus, being more vulnerable during labour market transformations. Moreover, the big numbers of early school leavers undermine the country's ability to implement lifelong learning interventions; large part of its citizens have left the education system without a qualification of at least ISCED 2011 level 3 and, therefore, should be less expected to easily return to learning activities sometime in the future.

Finally, both countries are quite close to their national targets regarding tertiary education attainment for the age group 30-34 (for Spain 2015 indicator: 40.9% vs. national target: 44%; for Malta 2015 indicator: 27.8% vs. national target: 33%). It has to be highlighted that the target for Spain has been set at much higher levels than for Malta, which is probably due to Malta's population showing lower educational achievements and a stronger orientation towards low and medium skills professions. The further increase in the numbers of people with tertiary education qualifications would ensure more competent human resources for both countries' economies and would contribute to their efforts to improve their socioeconomic performance during turbulent times for the global economy.

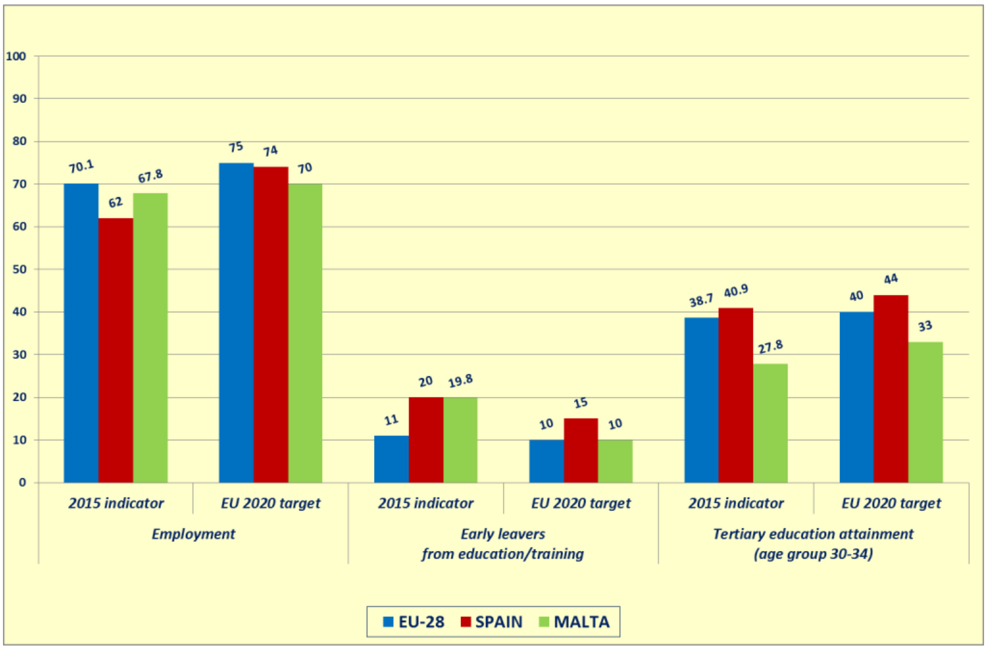


Figure 5. Europe 2020 strategy – 2015 indicators and national targets
Source: Eurostat

The participation of young people in vocational education and training/VET programmes depicts the actual ability of a country to develop the professional skills and competences of its young cohorts and, thus, to contribute to the long-term planning for development. The two countries differ very much in the student VET participation. In Spain VET seems to be more attractive, as almost half the student population (45.5%) chooses studies in the vocational stream. On the contrary, in Malta very few students attend vocational courses (11.8%) and for this reason they are at greater risk of not developing the necessary skills for their successful transition to the labour market (Figure 6).

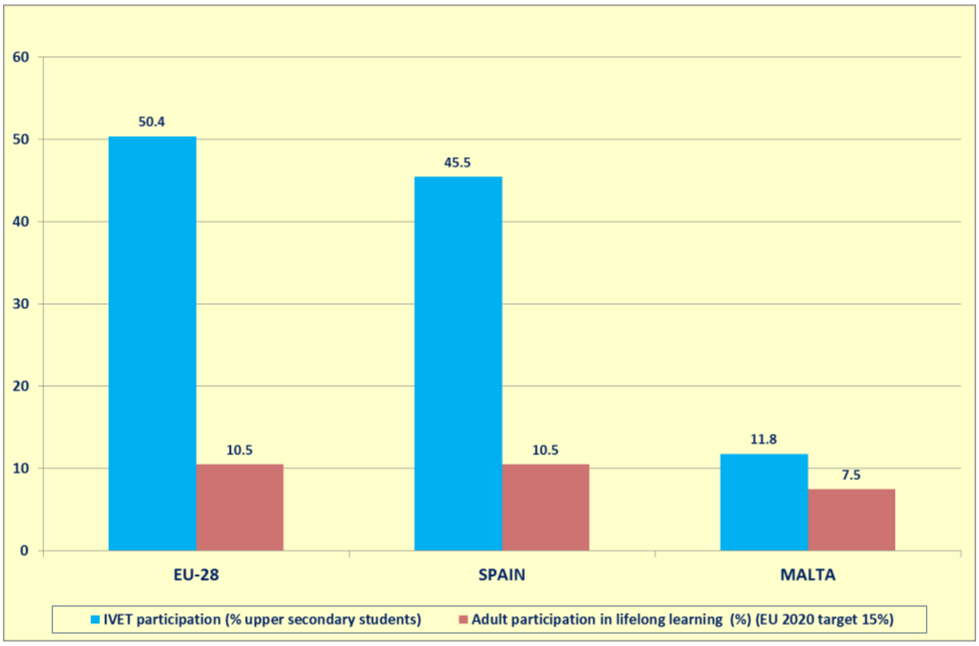


Figure 6. IVET participation – Adult lifelong learning participation (%)
Source: Eurostat

On the other hand, Spain is at the EU average with regards to adult lifelong learning (10.5%), while in Malta the participation is much lower (7.5%) (Figure 6). The low participation rates of Malta can be related to factors with negative influence on the broader attitude of individuals regarding learning activities, such as the phenomenon of high early school leaving and the relatively low participation in vocational education/training and tertiary education programmes, in combination with the easier access to employment. This behaviour could be further aggravated, as many students do not conclude their studies, do not obtain their qualification and may easily develop a negative (or at best neutral) attitude towards lifelong learning. Evidently, they are at risk of confronting unfavourable employment prospects in the future, as the Maltese economy is expected to increase its demand for skilled workforce.

4 The Maltese and the Spanish Youth Guarantee plans: a comparative analysis

Following the European authorities' guidelines regarding the immediate submission of the member states' Youth Guarantee plans, Malta and Spain submitted their national plans and started the first phase of their implementation (Malta Youth Guarantee Implementation Plan, 2014; Spanish Youth Guarantee Implementation Plan, 2013). Spain was among the first countries to submit their national plans (19 December 2013). Its plan was in line with the already adopted national Entrepreneurship and Youth Employment Strategy and included actions that took under consideration issues related to gender, to the diversity of the young people covered by the Guarantee and to national, regional and local circumstances. Malta submitted its national plan on 28 February 2014. However, the Maltese government had already decided to endorse the Youth Guarantee model before its actual introduction by the EU, and to implement a series of actions, through which it aspired to invest in youth potential and to enable their socioeconomic inclusion. These plans were to be implemented for two years, have been assessed and are currently under revision (European Commission, 2016c; 2016d; Pirotta, Calleja, and Colino, 2015).

4.1 Eligible groups and selection criteria

As it has already been mentioned, the educational behaviour of young individuals presents certain particularities in each country. For this reason the size and the needs of the eligible groups are different. The first phase Youth Guarantee plans of both countries are organised with a twofold focus.

In Malta the Youth Guarantee targets two distinct groups. First, it focuses on interventions in favour of NEETs less than 30 years old, who are not in employment, education or training. The particular group appears to be very heterogeneous; therefore, different interventions are necessary in order that their different needs can be addressed. Although the Youth Guarantee explicitly mentions that its projects may include only young individuals less than 25 years of age, the Maltese plan reports that its actions may expand to NEETs up to 29 years old. Secondly, the plan focuses on young individuals who are at risk of becoming NEETs.

As regards the definition of the priority criteria, the Maltese authorities have identified 5 sub-groups in the NEETs category, many of whom receive public benefits and their reactivation can establish conditions of independence for them. The persons in these sub-groups can be:

i. single unmarried parents with a child;

ii. disabled youth who receive a disability pension;

iii. young unemployed who are registered with Public Employment Services/PES for more than 6 months;

iv. unemployed youth registered with Public Employment Services/PES for less than 6 months; and finally,

v. persons who are out of employment for unspecified reasons.

The members of the two last groups are removed from the PES register or forfeit their social benefits, if they fail to participate. The particular individuals are considered to be at great risk of becoming alienated from the labour market, as well as socially and economically marginalised, if no action is taken in order to improve their skills and to strengthen their connection with the world of work (Malta Youth Guarantee Implementation Plan, 2014).

In Spain the Youth Guarantee national plan also targets two distinct groups of young people. On one hand, it targets people who are less than 25 years old and are not in employment or training under the condition that they apply for participation in the initiative's projects. The particular group is offered employment, education or work experience opportunities. On the other hand, the initiative targets young people less than 25 years of age who are also out of employment or education and at the same time are disconnected from the labour market. In their case the interventions aim at their re-activation.

The selection criteria for the eligible participants are more rigorous for applicants in Spain than for those that apply in Malta, because in the first case the numbers of young people who confront educational or professional difficulties are much bigger and the problem for the country more serious. The criteria include age, prior work experience, duration of unemployment, skills level, time of application and the existence of prior support (Spanish Youth Guarantee Implementation Plan, 2013).

It is also necessary to note that the two countries implement a different selection process.

The Maltese Youth Guarantee plan determines a rather simple selection process for all cases, which is definitely attainable due to the low NEETs rates of the country. However, the country has experienced difficulty in making contact with these groups and in persuading them to participate in the projects. First of all, a NEET Census tried to explore the situation of NEETs in the country and to define the particular needs of this highly heterogeneous group. For this reason, the authorities used a combination of a questionnaire and of data from various services, which have a close contact with NEETs. Then, a call for participation was addressed to NEETs either through the media or directly by the PES to those who had already been registered with them. Although the registration with the PES appears mandatory, the members of each target group received a special invitation to take part in the Youth Guarantee schemes.

For those who express their interest in participating, the process includes the profiling, the attendance of behavioural and employability courses, the offering of continued education and work exposure and, finally, of traineeship opportunities supported with incentives for employers. A special process provides for the disabled young people. The support offered to the eligible groups includes organised opportunities for them to re-enter the school system or to attend alternative non-formal educational/training pathways, in order to improve their competences and to obtain a professional qualification. In addition, they are offered job search assistance or alternative work-experience

opportunities, through which they can gain closer access to the labour market and enhance their professional prospects significantly (Malta Youth Guarantee Implementation Plan, 2014).

In the case of Spain, where the numbers of young individuals with eligibility characteristics are among the highest in the EU, the national Youth Guarantee plan determines a two-stage process. It includes an online application and the profiling of applicants, in order to select those in greater need.

In the first stage –that lasts 30 days (max.)– the application is submitted to an online system that has been developed specifically for the Youth Guarantee Initiative. Through the online application process the system recognises the eligible individuals, completes their profiling and, thus, is able to define the priority and the appropriate type of intervention for each applicant. In the second stage –that lasts 4 months (max.)– individuals are selected according to particular criteria, which give greater priority to young people with no skills or work experience, and to the long-term unemployed (Spanish Youth Guarantee Implementation Plan, 2013).

4.2 Synergies among stakeholders

Following one of the main Youth Guarantee principles to establish dynamic public-public and public-private synergies, the implementation authorities in both countries included such partnerships in their national plans (European Commission, 2015b; Malta Youth Guarantee Implementation Plan, 2014; Spanish Youth Guarantee Implementation Plan, 2013).

4.2.1 Public sector cooperation

In Malta the public sector participates in the Youth Guarantee projects only with the general state authorities. The Ministry of Education and Employment is the national Youth Guarantee authority. Besides exercising an advisory role, it has a proactive involvement in the projects' implementation, disseminates information and coordinates partnerships with other public bodies, in order to achieve greater effectiveness for the interventions. More analytically, the Ministry establishes synergies with a number of national authorities in order to focus on education/training provisions and to enhance the probability of work placements for young beneficiaries. The particular public authorities –the Jobs+, the Public Employment Service, the Malta College for Arts, Science and Technology, the Youth Agency and the Early School Leaving Directorate– undertake an important part of the planning and the implementation procedures and deploy their expertise in the quality improvement of the interventions.

On the contrary, in Spain there are two different dimensions as regards the public authorities. Although not a federation, the country is a highly decentralised state, which is divided into seventeen Autonomous Communities and two autonomous cities. On one hand, the general state authorities through the Ministry of Employment and Social Security have undertaken large part of the procedures establishing the country's Youth Guarantee and coordinate the administrative and the operational actions of other public bodies that may become involved at national level. The General Directorate for Self-Employed Workers, Social Economy and Corporate Social Responsibility, the Public Employment Services, the Ministry of Education, Culture and Sport and the Ministry of Finance and Public Administration assume responsibilities according to their domain of authority. On the other hand, large part of the implementation of the Youth Guarantee projects is undertaken by the Autonomous Communities, as their specialised councils have better knowledge of the local needs and, therefore, greater ability to manage the schemes targeting youth with success.

4.2.2 Public-private sector partnerships

Beside the cooperative activities that are being developed among the various public authorities and services, the Youth Guarantee plans of both countries make every effort to engage various other stakeholders from the private sector, who are called to undertake large part of its implementation.

The unions of employers and of employees, individual employers, the national youth council, national and local development networks and associations and various social actors are invited and encouraged

through specific incentives to participate in the design and the implementation of the projects by developing strong and coordinated partnerships at national and local level.

4.3 Funding of the Youth Guarantee plans

The implementation of the Youth Guarantee projects is expected to draw funds from two different sources, the EU and the national budgets.

In general, the EU resources for the financial support of the Youth Guarantee Initiative may come from two lines; the European Social Fund (ESF) and the Youth Employment Initiative/YEI.

More specifically, financial resources from the ESF can be used provided that they meet the eligibility criteria. The compulsory minimum allocation from the ESF resources may be used in order to fund either direct actions in favour of youth or structural actions that concern people who are eligible under the initiative. An additional amount will be charged to the ESF, in order to be used for the financing of provisions that cannot be funded by the YEI.

Funds that have been allocated to the Youth Employment Initiative/YEI can be mostly used for Youth Guarantee purposes only on condition that a country has a youth unemployment rate over 25%. Consequently, Malta's Youth Guarantee plan is not eligible to be funded by the YEI, since the country's youth unemployment is limited to 11.8%, that is, less than half the threshold set for funding. On the contrary, Spain qualifies for Youth Employment Initiative funding because of the extremely high youth unemployment rates (48.3%). The Spanish plan allocates 50% of the YEI resources to the Autonomous Communities according to the weight of NEETs less than 25 years old and the local councils undertake their distribution to the relevant projects, which are developed under their guidance and supervision. The remaining 50% is distributed to areas according to their population of young unemployed less than 25 years old (Malta Youth Guarantee Implementation Plan, 2014; Spanish Youth Guarantee Implementation Plan, 2013).

Table 3 presents the EU funding for Malta and Spain according to the provisions that are included in their Youth Guarantee national plans.

Table 3. EU funding for Youth Guarantee

	MALTA (2014-2015)	**SPAIN (2014-2020)**
Youth Employment Initiative (YEI) ○ during years 2014-2015 ○ only for countries with youth unemployment <25%	No funding	€943,496,315
European Social Fund (ESF): <u>Compulsory</u>: funding of direct pro-youth actions <u>Additional</u>: 2014-2015 → structural actions 2016-2020 → both direct and structural actions	€3,134,432	€1,886,992,630 (compulsory minimum) + €471,748,158 (additional) --------------------- €2,358,740,788

The second funding source for the national Youth Guarantee plans is each country's national budget through which various projects may be supported. However, there are justified concerns whether the national budgets are actually able to secure adequate financial resources in order to cover the arising youth needs amid the difficult socioeconomic environment prevailing in Europe. The European

Semester through the mechanisms of the Macroeconomic Imbalance Procedure and the Stability and Growth Pact closely monitors and assesses the countries' situation. For Malta, although it belongs to the group of European countries that do not have such imbalances, the European authorities have highlighted certain deficiencies (Council of the European Union, 2015; European Commission, 2015a; 2016a; Pirotta, Calleja and Colino, 2015) and recommended immediate interventions. Spain failed to manage its macroeconomic imbalances that called for immediate policy action and special monitoring and undergoes the Excessive Imbalance Procedure, which may include financial penalties (European Commission, 2016b).

4.4 Lines of action

The primary aim of the Youth Guarantee interventions is to establish projects that enhance the learning and the professional opportunities of young individuals by improving their skills and competences and by proactively facilitating their transition to the labour market. Four distinct lines of action can be identified in the national objectives of the plans of both Malta and Spain (European Commission, 2015b; Malta Youth Guarantee Implementation Plan, 2014; Spanish Youth Guarantee Implementation Plan, 2013).

4.4.1 Improvement of mediation

The role of the employment services appears to be very important for the implementation of the Youth Guarantee plans. They are responsible for the recognition of the young people who are eligible for participation and for the definition of their particular needs in their effort to enter employment. Also, they undertake the offering of information, guidance and support to them and the establishment of coordinated actions among stakeholders in order to increase their effectiveness. Ultimately, they are called to bridge the gap between young individuals and the labour market and to ensure the appropriate support and monitoring that enable the consistent communication between them.

The national Youth Guarantee plans of Malta and Spain include specific provisions for the modernisation of the public employment services and the training of their personnel. In addition, they officially recognise a supplementary role for private employment agents, who are considered especially competent and accurate in defining the needs at local level. This acknowledgement constitutes an additional indication of the initiative's intent to use not only public, but also private sector resources and expertise in order to promote broader synergies and, thus, to succeed greater effectiveness.

4.4.2 Improvement of employability

The second line of action pursues the improvement of youth employability mainly by increasing their capabilities and opportunities. Unskilled young individuals, who have not concluded their formal education studies, are offered the option to voluntarily return to training activities, so that they obtain the educational or vocational qualifications which are necessary for their labour market integration.

Furthermore, there are provisions for the establishment of traineeships for those who lack professional experience in order to support their transition to employment. It is worth mentioning the schemes implemented in Spain that combine the educational character with work in projects with social interest –such as projects about culture, history or the environment– in an attempt to make them more attractive for participants and more meaningful for the broader social environment where the initiative is being activated.

4.4.3 Promotion of hiring

The third line of action of the particular national Youth Guarantee plans refers to the creation of the appropriate conditions that would remove the existing barriers that hinder youth transitional trajectories and would promote the recruitment of more young individuals by enterprises. The companies are offered special incentives to hire new personnel of young age, to convert temporary

contracts to open-ended ones for young people or to offer more work-placements to young cohorts who are at greater risk of economic marginalisation and social exclusion.

These incentives include the reduction of social security contributions or the offering of benefits and credit facilities for a period of time to companies that offer job positions to young individuals. Both countries seem to prefer to capitalise the unemployment benefits through subsidies for enterprises by encouraging the recruitment of young unemployed instead. In this way the companies take advantage of youth dynamism and creativity, while the young individuals themselves are supported to become (or to remain) professionally active.

4.4.4 Promotion of entrepreneurship

The fourth action line focuses on establishing favourable conditions for the involvement of young people in entrepreneurship. Their engagement in corporate ventures would not only secure their professional activation and creativity, but also help them create additional professional opportunities for their peers.

Youth entrepreneurial involvement is supported through multiple beneficial provisions. New entrepreneurs pay reduced social contributions or receive financial aid, so that they are able to confront the challenges of their venture's first steps. Moreover, the public employment services offer advice and support to new entrepreneurs regarding the organisational and the operational aspects of their venture. Furthermore, second chances are provided for those who experienced an entrepreneurial failure in the past, in order to be supported for a new entrepreneurial attempt with better prospects.

In line with the Youth Guarantee Initiative both countries try to incorporate the entrepreneurial culture in their educational systems. Through the introduction of courses and activities about entrepreneurship in the curricula, they aspire to develop a more favourable attitude towards such activities among young people from an early age.

The offering of adequate support to young unemployed to recognise and to pursue entrepreneurial opportunities has also been included in the national Youth Guarantee provisions. For this purpose a number of measures is proactively promoted and aspire to encourage more young people to direct themselves towards corporate ventures; creation of business incubators, enhancement of self-employment and of collective ventures that belong to the social economy, establishment of advisory services for such activities and utilisation of new funding tools.

5 Conclusions

The Youth Guarantee Initiative constitutes part of the European youth policies and is developed towards a twofold aim. On one hand, it attempts to coordinate targeted interventions in order to mobilise more stakeholders and resources to support the social integration and the smoother labour market transition of young individuals. On the other hand, it aims at raising awareness with regards to future youth employment prospects, so that broader and actually sustainable commitments can be undertaken. Besides analysing the European institutional framework constructed around the Youth Guarantee concept, the paper attempted a comparative approach of the national Youth Guarantee plans of two south European countries, Malta and Spain. It highlighted their organisational details and the multiple factors involved in their different aspects and designated the particular challenges concerning their implementation.

During the first two years of the implementation of the Youth Guarantee schemes both Malta and Spain seem to have fully 'nationalised' the initiative. Their national plans followed its principles and adapted the interventions to the countries' particular needs by defining the target groups and the eligibility criteria accordingly. At the same time, each country is involved in a variety of actions that aspire to improve the conditions for more efficient mediation, increase of employability, promotion of hiring and enhancement of entrepreneurship for broader groups of young individuals.

The leading role for the implementation is attributed to state authorities; nevertheless, in both countries the regional dimension has been taken into account. Spain especially is definitely more focused on decentralising the initiative's projects to a large extent to its autonomous communities.

However, it is very important to highlight the establishment of broader public-private partnerships and the deployment of the expertise of each party. Not only do the plans encourage their cooperation, but also create the necessary institutional framework that allows various economic and social agents to undertake part of the planning and the implementation of the projects along with public authorities.

Overall, although both countries engaged immediately in the implementation of their national plans, the first phase of the process reveals that they continue to confront similar strong challenges. The implementation of interventions is slow and there are delays in the final outcomes. Youth unemployment and early school leaving remain at very high levels, thus leading to skill deficiencies and mismatches, which seriously undermine the developmental potential of young people and of the countries. Also, both countries face some difficulty in attracting more NEETs to register and to participate in the schemes. Finally, the need for greater organisational effectiveness of the Public Employment Services and for the establishment of closer and long-term monitoring processes appears very urgent.

In spite of the existing challenges, nobody can overlook either the power of the European Youth Guarantee Initiative to operate as highly motivating factor or its symbolic importance. Such aspects go beyond the effective management of learning and professional opportunities and target youth activation and inclusion at multiple levels. All national Youth Guarantee plans are currently under revision according to the European recommendations. The previous experiences of the countries themselves, as well as the good practices of other member states should be expected to be deployed in order to determine the necessary improvements and to increase the initiative's effectiveness.

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Economic Growth in Central Asian Countries: Determinants and Prospects

Ilkhom SHARIPOV

PhD candidate, Doctoral School of Economics and Business Administration,
Alexandru Ioan Cuza University of Iasi, Romania, ilhomsharipov@gmail.com

Abstract

Economic growth is one of the main targets of economic policy of any country of the world. By strengthening the process of economic development, we can bring the state on the path of sustainable growth and ensure stability and security in it. Economic growth is influenced by various determinants. Of particular interest is an endogenous and exogenous nature of these factors.

The main purpose of this paper is to determine the endogenous and exogenous factors affected economic growth in the Central Asian countries in the period 2000-2015. We examined and determined the significance and robustness of various endogenous and exogenous factors influencing the economic growth in these countries, like investment, human capital, research and development, economic policies and macroeconomic conditions, openness to trade, geography, political factors and others. Based on the results of research, we outlined the prospects of economic growth in the countries investigated.

To address the research questions and objectives this study was based on quantitative and qualitative research methods, using SPSS software.

Keywords: economic growth; exogenous growth; endogenous growth; Central Asia

JEL Classification: O1; O4; O53

Introduction

Central Asia is the core region of the Asian continent and stretches from the Caspian Sea in the west to China in the east and from Afghanistan in the south to Russia in the north. Central Asia has long been a strategic location not merely because of its proximity to several great powers on the Eurasian landmass, but also due to its central location with access to trade routes to and from all the regional powers. The Central Asia region comprises the countries of Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. It is a diverse region with a mix of upper middle and low income countries with major strategic importance due to their geographic location and natural resource endowments.

All these countries shared the same history for about 70 years. With independence and the transition of these countries towards a market economy, all these countries took their own path of development. All of these countries have had to create their own economic and political system, legislation framework, financial and other institutions. In fact, create the entire system from scratch. Having initially the same conditions, in period of almost 25 years, they have succeeded differently, what was influenced not only by physical and human capital, but also by other determinants like economic policies and macroeconomic conditions, openness to trade, geography, political factors, research and development activities and others. Our task is to determine their exogenous and endogenous nature and check these factors for correlation with economic growth in Central Asian countries and assess their degree of significance.

1. Endogenous and Exogenous Nature of Economic Growth

The economy's ability to grow depends on many factors which can be classified differently according to various criteria, but of particular interest is an endogenous and exogenous nature of these factors.

An exogenous variable is a factor that is outside of a given economic model. It often has an impact on the outcome of the model or how certain situations turn out, but it isn't usually determinative in its own right and changes in the model don't usually impact it. These variables are sometimes referred to as independent variables as opposed to dependent or endogenous variables,

which are usually explained by the mathematical relationships in the model. While endogenous variables can be manipulated, exogenous ones are generally uncontrollable.

Neoclassical or exogenous theory of growth starts from the neoclassical model of Solow (1956). The basic assumptions of the model are: constant returns to scale, diminishing marginal productivity of capital, exogenously determined technical progress and substitutability between capital and labor. As a result the model highlights the savings or investment ratio as important determinant of short-run economic growth. Technological progress, though important in the long-run, is regarded as exogenous to the economic system and therefore it is not adequately explored by this model. Turning to the issue of convergence divergence, the model predicts convergence in growth rates on the basis that poor economies will grow faster compared to rich ones.

Rather than a direct investment in the education of the workforce the exogenous model relies on producing a workforce trained to do the jobs that are required. The idea is that those people capable of researching and developing new ideas for the economy will do so anyway and without encouragement.

Romer (1994), whose articles (1986, 1990) initiated the introduction of Endogenous Growth Theory (or New Growth Theory) states:

> “The phrase “endogenous growth” embraces a diverse body of theoretical and empirical work that emerged in the 1980s. This work distinguishes itself from neoclassical growth by emphasizing that economic growth is an endogenous outcome of an economic system, not the result of forces that impringe from outside”.

The theories, known as endogenous growth theories, propose that the introduction of new accumulation factors, such as knowledge, innovation, and the like, will induce self-maintained economic growth. Triggered by Romer’s (1986) and Lucas’s (1988) seminal studies, work within this framework highlighted significant sources of growth: new knowledge (Romer, 1990, Grossman and Helpman, 1991), innovation (Aghion and Howitt, 1992). As a result, and in contrast to the neoclassic counterpart, policies are deemed to play a substantial role in advancing growth on a long run basis.

Barro and Sala-i-Martin (1995) state: “The determination of long-run growth within the model, rather than by some exogenously growing variables like unexplained technological progress, is the reason for the name ‘endogenous growth’.”

A cornerstone of endogenous growth is education, new knowledge, innovation, R&D. Great investment in education will result in a highly skilled workforce. This workforce will then move on into employment in research positions, developing a new and more efficient economy and creating sustained domestic growth.

The idea of promoting the next generation goes hand-in-hand with investment in technology and the "ideas" economy. Throughout history, economic growth has been driven by the development of new technologies. The industrial revolution in the now-developed world saw groundbreaking discoveries that led such countries to become economic powers.

The Endogenous Growth Theory is helping to understand the ongoing change from resource-based economy to a knowledge based economy. Thus, Romer and Griliches (1993) state: “No amount of saving and investment, no policy of macroeconomic fine-tuning, no set of tax and spending incentives can generate sustainable economic growth unless it is accompanied by the countless large and small discoveries that are required to create more value from a fixed set of natural resources”.

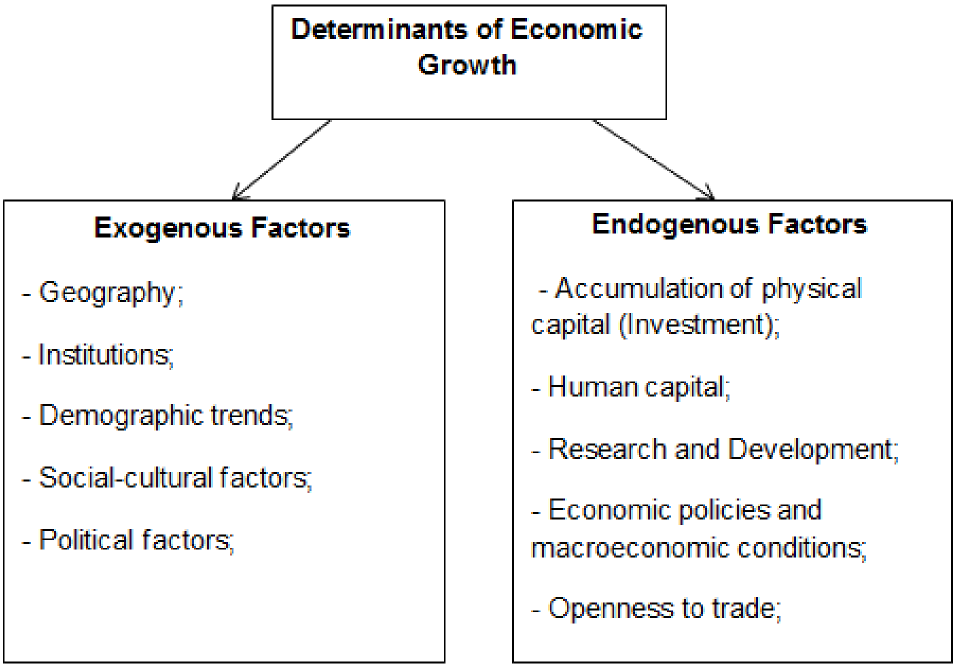
A crucial feature of Solow’s model is that a variation in the endogenous variable, savings rate, affects the tilt of the growth trend in the short run but not in the long run. In the long run, it can only bring about a lift in the level of the trend because of the diminishing marginal productivity of capital.

The new growth theory has attempted to prevent diminishing marginal productivity or to slow its decline through introduction of accumulation of human capital, knowledge, experience, acceleration of R&D, inventions and innovations, increasing the number of intermediate capital goods of new designs and the number of final goods and their varieties with quality improvements and consideration of expansion of the size of markets.

In observed economic literature, the terms exogenous and endogenous are used mainly in relation to technological progress (or ‘residual’ in exogenous theory) i.e. knowledge, innovations, human capital, R&D. Determinants of economic growth usually classified as direct and indirect factors; economic and non-economic factors; intensive and extensive factors and etc. Nevertheless, in the figure (Figure 1) we try to classify the main determinants of economic growth by dividing them into exogenous and endogenous ones. Basically, many of these determinants here in some extent can belong to both groups of determinants. At division, we adhered to the principle that exogenous factors

generally predetermined, and while endogenous variables can be manipulated, exogenous ones are generally uncontrollable.

Figure 1. Endogenous and Exogenous Determinants of Economic Growth



Source: Composed by author

2. Determinants Affecting Economic Growth

As we all know from the economic growth theories that one of the basic determinants of growth is physical capital. The rate of *accumulation of physical capital* is one of the main factors determining the level of real output per capita. Capital is the oldest known determinant of economic growth. In any economy, the production of goods and services happens every day. Physical capital is part of the production process, what economists call a factor of production. It includes things like buildings, machinery, equipment, computers and etc. Investment in capital plays a crucial role in accumulation of physical capital. Thus, investment is the fundamental determinant of economic growth identified by both neoclassical and endogenous growth models. Many scientific works and empirical studies devoted to examining the relationship between investment and economic growth (Kormendi and Meguire, 1985; Levine and Renelt, 1992; Mankiw et al., 1992; Auerbach et al, 1994; Barro and Sala-i-Martin, 1995; Sala-i-Martin, 1997; Podrecca and Carmeci, 2001).

Foreign Direct Investment has played a crucial role of internationalizing economic activity and it is a primary source of technology transfer and economic growth. This major role is stressed in several models of endogenous growth theories. The empirical literature examining the impact of FDI on growth has provided more-or-less consistent findings affirming a significant positive link between the two (e.g. Borensztein et al., 1998; Hermes and Lensink, 2003; Lensink and Morrissey, 2006 as cited in Petracos and Arvanitidis, 2008).

Human capital is the key source of growth in endogenous growth models and one of the extensions of the neoclassical model. In the classical theory of economic growth, labor productivity is regarded as an exogenous factor which depends on the ratio between workforce and physical capital, plus other factors (technical progress), but the of education on potential growth of productivity was not taken into account. The new endogenous theory of economic growth developed in the early 80s took into account this shortcoming of the classical theory emphasizing the importance of education and innovation in long-term economic growth.

Given the term ‘human capital’ refers principally to workers’ acquisition of skills, knowledge and know-how through education and training, the majority of studies have measured the quality of human capital using proxies related to education (e.g. school-enrolment rates, scientific skills and etc.). On these bases, a large number of studies have found evidence that an educated labor force is a key determinant of economic growth. Thus, Barro (1992) notes “Countries that start with a higher

level of educational attainment grow faster for a given level of initial per capita GDP and for given values of policy-related variables.” He also adds “Another dimension is health status. Measures of life expectancy-a proxy for health status-turn out to have substantial explanatory value for economic growth and fertility…”. He also notes that the faster a country grows, the greater its current level of human capital growth, since physical capital expands rapidly to match a high contribution of human capital.

Nelson and Phelps (1966) highlight “…the rate of return to education is greater the more technologically progressive is the economy”. Here they stress that a country with more human capital would be more adept at the adaptation of technologies that were discovered elsewhere, hence the higher the country’s growth rate. There have been other scholars stating that increase in human capital would result in rapid transitional growth (Sachs & Warner, 1997). Paul Romer in his work Endogenous Technological Change (1990) highlights “…the stock of human capital determines the rate of growth…” and “…having a large population is not sufficient to generate growth”. It is worth noting the works of Barro and Lee (1993) investigating the effects of educational attainment on economic growth.

Bassanini and Scarpetta (2001) studying a series of data for the period of 1971 to 1998 concluded that increased duration of schooling by one year leads to an increase in GDP per capita by 6%. Blundell at al. (1999) by reviewing and summarizing the existing literature and empirical works on the returns to education and training for the individual, the firm and the economy at large, confirmed strong positive correlation between education level and economic growth.

It’s necessary to mention other works studying the human capital as one of the main determinant of economic growth (e.g. Barro and Sala-i-Martin 1995; Benhabib and Spiegel, 1994; Hanushek and Kimko, 2000; and others).

Expenditure on *research and development* (R&D) can be considered as an investment in knowledge that translates into new technologies, innovations as well as more efficient ways of using existing resources of physical and human capital. Innovation and R&D activities can play a major role in economic development increasing productivity and growth, due to increasing use of technology that enables introduction of new processes and products. First works devoted to R&D, considered as a factor of economic growth belong to the main Endogenous Growth theorists: Romer (1986; 1990), Grossman and Helpman (1991), Aghion and Howitt (1992). In general these scientists state that introduction of new factors, such as knowledge, innovation, and the like, will induce self-maintained economic growth. A key factor in the endogenous growth theory of Paul Romer (1986; 1990) is the variable called "knowledge". It assumes that the information contained in the inventions and discoveries are available to everyone and can be used at the same time. Thus, the rate of economic growth is in theory of Romer directly dependent on the value of human capital, focused in obtaining new knowledge. Grossman and Helpman (1991), on the example of two countries trading with each other, have shown that subsidies for R&D in a country that has a relatively scientific and technical excellence, there will be recorded an increase in the overall rate of economic growth. According to Aghion and Howitt (1992), economic growth is driven by technological progress, which in turn is ensured by competition between research firms, generating and implementing long-term products and technological innovation.

It is necessary to emphasize the role of the government in attracting investments to R&D and its regulation. Thus, Nadiri (1993) relates underinvestment in R&D with spillover effects, which increases with increasing globalization of the world economy. The investment to R&D can be influenced by government intervention, both through direct provision and funding, and also through indirect measures such as tax incentives and protection of intellectual property rights to encourage R&D (Cameron, 1998).

Economic policies and macroeconomic conditions are also considered as one of determinants of economic growth. Economic policy refers to the actions that governments take in the economic field. It covers the systems for setting levels of taxation, government budgets, the money supply and interest rates as well as the labor market, national ownership, and etc. Thus, in general economic policies can be divided into fiscal and monetary policies. On how wisely a state uses economic policy determines the macroeconomic condition in the country. According to Fischer (1993) macroeconomic conditions are regarded as necessary but not sufficient conditions for high economic growth. In general, a stable macroeconomic environment may favour growth, especially, through reduction of uncertainty, whereas macroeconomic instability may have a negative impact on growth through its effects on productivity and investment.

The following issues have generally been considered with relation to economic policies and macroeconomic conditions: the benefits of establishing and maintaining low inflation, the impact of government deficits on private investment, and the possibility of negative impacts on growth from a too large government sector (with associated high tax pressure to finance high government expenditure). Several macroeconomic factors with impact on growth have been identified in the literature, but considerable attention has been placed on inflation, fiscal policy, monetary policy (budget deficits).

Arguments for lower and more stable inflation rates include reduced uncertainty in the economy and enhanced efficiency of the price mechanism. A reduction in the level of inflation could have an overall effect on the level of capital accumulation. Moreover, uncertainty related to volatilities in inflation can discourage firms from investing in projects due to a higher degree of risk. Evidence on the relationship between inflation and growth is somewhat mixed: while there is evidence that investment suffers in cases of high inflation, the relation is less clear in cases of moderate or low inflation (Edey, 1994; Bruno and Easterly, 1998).

With regard to fiscal policy, government expenditure and the required taxes may reach levels where the negative effects on efficiency, and hence growth, starts dominating. These negative effects may be more evident where the financing relies heavily on more “distortionary” taxes (excess burden of taxation) and where public expenditure focuses on “unproductive” activities (Bassanini and Scarpetta, 2003).

Many empirical works scholars are devoted to the study of these determinants of economic growth. Thus, Fisher (1993) finds that growth is negatively associated with inflation, large budget deficits, and distorted foreign exchange markets. Kormendi and Meguire (1985) found no evidence that the growth in the ratio of government consumption to output has any adverse effect on economic growth. Grier and Tullock (1989) find a strong negative correlation between growth of government consumption as a fraction of GDP and real GDP growth rate. Barro (1991) found that per capita GDP growth rate and investment-GDP ratio, are negatively correlated to government expenditure as a share of the GDP. Barro suggested that government consumption induces distortions in the economy and provides no offsetting stimulus to GDP and investment. Easterly and Rebelo (1993) did not find a significant correlation between growth and government consumption share of the GDP. They also concluded that the effects of fiscal variables on economic growth are statistically fragile.

Openness to trade is also considered in the literature as one of the determinants of economic growth. Openness can affect economic growth through several channels such as exploitation of comparative advantage, technology transfer and diffusion of knowledge, increasing scale economies and exposure to competition (Petracos and Arvanitidis, 2008). Openness is usually measured by the ratio of exports to GDP. Sachs and Warner (1995) attempted to construct another openness variable that combined five different indicators: nontariff barriers to trade, average tariff rates, a black market premium, whether the economy is socialist, and government monopolies on export. They also found that openness had s significant positive influence on growth between 1970 and 1989. Dollar and Kraay (2004) concluded that globalization leads to faster growth in poor countries. Dollar (1992) attempted to demonstrate a significant relationship between outward orientation and growth. Likewise, there are many empirical researches investigating the relationship between openness and growth. Many of them have found that economies that are more open to trade have higher GDP per capita and grow faster. But, there are several scholars who have criticized the robustness of these findings especially on methodological and measurement grounds. Thus, Rodriguez and Rodrik (2000) re-estimated Sachs and Warner’s regressions and suggested that only two out of the five indicators account for the bulk of the variation in the data. They also criticized the robustness of Dollar’s findings on the relationship between outward orientation and growth.

Although the important role *institutions* play in shaping economic performance has been acknowledged long time ago, it is not until recently that such factors have been examined empirically in a more formal way (see Knack and Keefer 1995; Mauro 1995; Hall and Jones 1999; Acemoglu et al. 2002; Rodrik et al. 2004). Rodrik (2000) highlights five key institutions (property rights, regulatory institutions, institutions for macroeconomic stabilization, institutions for social insurance and institutions of conflict management), which not only exert direct influence on economic growth, but also affect other determinants of growth such as the physical and human capital, investment, technical changes and the economic growth processes. On these grounds Easterly (2001) argues that none of the traditional factors would have any impact on economic performance if there had not been developed a stable and trustworthy institutional environment (Petracos and Arvanitidis, 2008).

Political factors and economic growth. Many scientific works are devoted to the study of effects of political factors on economic growth (Lipset, 1959; Kormendi and Meguire, 1985; Grier and Tullock, 1989; Lensink et al, 1999). It is not a secret that a highly unstable political regime brings on uncertainty, discouraging investment and, consequently, hindering economic potential. But it is not only the stability of the regime that influences growth dynamics; it is also its type. For instance, the level of democracy is found to be associated with economic growth; though this relation is much more complex. Democracy may both retard and enhance economic growth depending on the various channels that it passes through (Alesina et al, 1994, as cited in Petracos and Arvanitidis, 2008). In the recent years a number of researchers have made an effort to measure the quality of the political environment using variables such as political instability, political and civil freedom, and political regimes. Brunetti (2002) distinguishes five categories of relevant political variables: democracy, government stability, political violence, political volatility and subjective perception of politics.

Recently there has been a growing interest in how various *social-cultural factors* may affect growth (see Granato et al, 1996; Temple and Johnson, 1998; Inglehart and Baker, 2000; Zak and Knack, 2001). Trust is an important variable that belongs in this category. Trusting economies are expected to have stronger incentives to innovate, to accumulate physical capital and to exhibit richer human resources, all of which are conductive to economic growth (Knack and Keefer, 1997). Ethnic diversity, in turn, may have a negative impact on growth by reducing trust, increasing polarization and promoting the adoption of policies that have neutral or even negative effects in terms of growth (Easterly and Levine, 1997). Several other social-cultural factors have been examined in the literature, such as ethnic composition and fragmentation, diversity in language or in religion, beliefs, attitudes and the like, but their relation to economic growth seems to be indirect and unclear. For instance cultural diversity may have either a negative impact on growth due to emergence of social uncertainty or even to social conflicts, or a positive effect since it may give rise to a pluralistic environment where cooperation can flourish (Petracos and Arvanitidis, 2008).

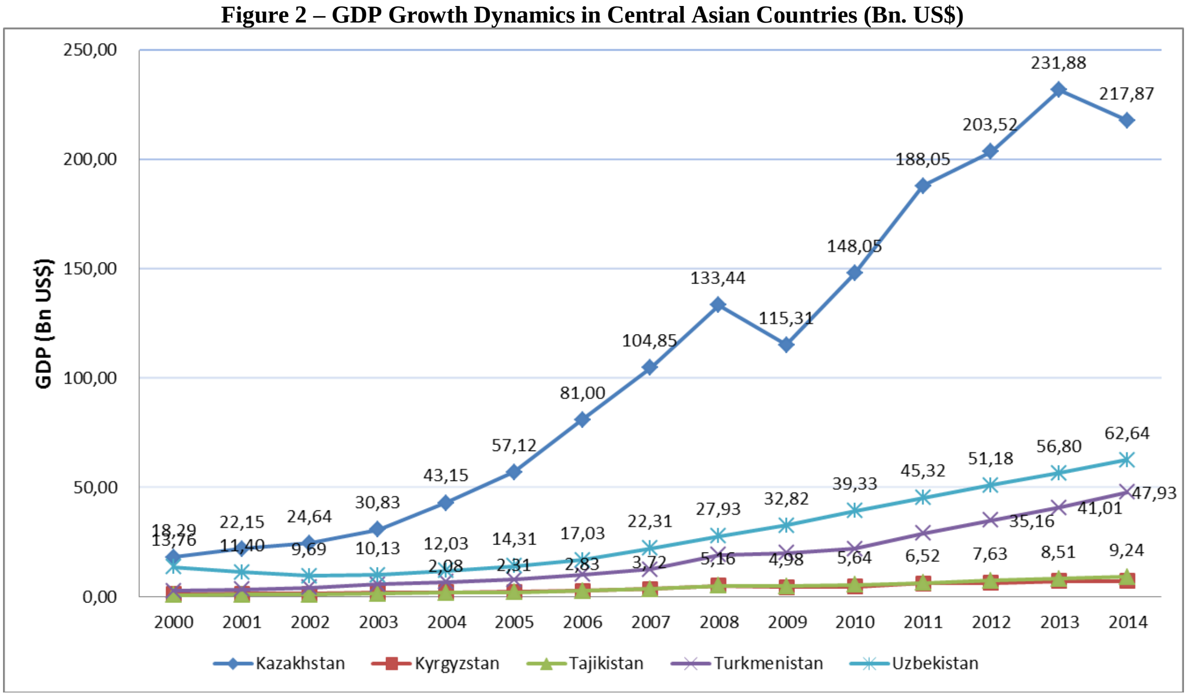
The important role of *geography* on economic growth has been long recognized. Though, over the last years there has been an increased interest on these factors since they have been properly formalized and entered into models (Gallup et al, 1999). Researchers have used different variables as proxies for geography like soil quality and disease ecology, distances from the equator, average temperatures and average rainfall, proportion of land within certain distance from the coast. There have been a number of empirical studies (Sachs and Warner, 1997; Bloom et al, 1998; Masters and McMillan, 2001, as cited in Petracos and Arvanitidis, 2008) affirming that natural resources, climate, topography and 'landlockedness' have a direct impact on economic growth affecting (agricultural) productivity, economic structure, transport costs and competitiveness.

Demographic trends, like population growth, population density, migration and age distribution, is believed to play the major role in economic growth (Kelley and Schmidt, 1995; Bloom and Williamson, 1998; Bloom and Finlay, 2009 as cited in Petracos and Arvanitidis, 2008). High population growth could have a negative impact on economic growth influencing the dependency ratio, investment and saving behaviour and quality of human capital. The composition of the population is believed to have vital effect on growth. Large working-age populations are believed to positively affect economic growth, in contrast to populations with many young and elderly dependents.

3. Economic Growth in Central Asian Countries and Its Correlation with Determinants (methodology, data description)

One of the main indicators of economic growth of the country is the nominal GDP and GDP per capita. The following figure (figure 2) shows the dynamics of the GDP at market prices (current US$) of the Central Asian countries during the period from 2000 to 2014. The graph shows that according to the size of economy the largest one is Kazakhstan with a GDP of about 218 bn. US$ and rapid economic growth. Relatively smaller in size are economies of Uzbekistan and Turkmenistan with GDP about 63 and 48 bn. US$ respectively and moderate economic growth. Two other countries: Kyrgyzstan and Tajikistan are much smaller in size of the economies with GDP of 7.4 and 9.2 bn. US$ respectively.

Figure 2 – GDP Growth Dynamics in Central Asian Countries (Bn. US$)

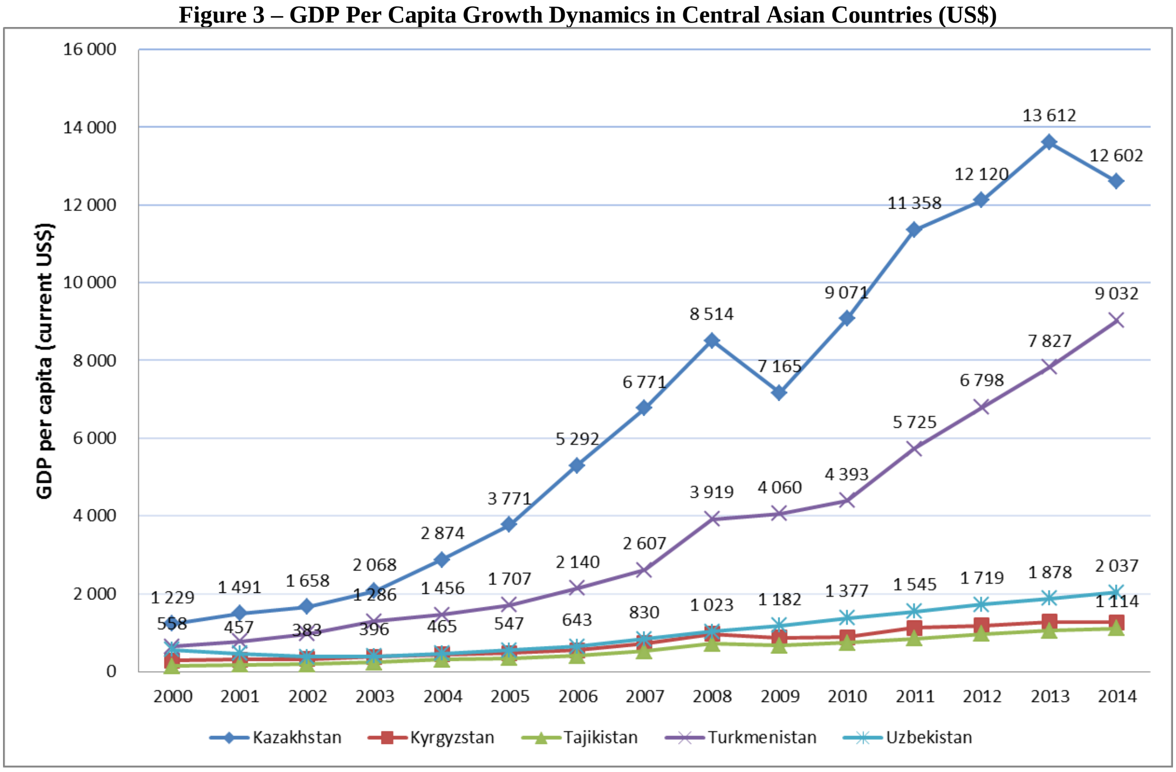


Source: World Bank database

Considering the GDP per capita dynamics (Figure 3), from the graph we can say that Kazakhstan and Turkmenistan are better positioned with more or less rapid growth and a GDP per capita 12.6 thousand US$ and 9 thousand US$ respectively. The growth in the rest of countries can be described as moderate or even slow. GDP per capita in Uzbekistan as of January 1, 2015 was of 2.04 thousand US$. In Kyrgystan and Tajikistan this indicator was between of 1.1 and 1.3 thousand US$.

Thus, according to the graph only Kazakhstan and Turkmenistan belong to the upper-middle-income countries group with GDP per capita 12.6 thousand US$ and 9.03 thousand US$, and take 65 and 77 places respectively, among 196 countries of the world. The rest of the countries, namely Kyrgyzstan, Tajikistan and Uzbekistan, by the size of GDP per capita belong to the lower-middle-income countries group.

Figure 3 – GDP Per Capita Growth Dynamics in Central Asian Countries (US$)



Source: World Bank database

In regards of determinants affecting economic growth, many of them are not backed up by precise definition and statistical data, and concepts like human capital, institutions, political factors, economic policies mentioned above are of amorphous nature and are not easily amenable to statistical handling. These are compound and complex variables and have to be approximated by proxies.

Thus, in order to determine the correlation of the determinants with economic growth we selected the following independent variables (sets of data) for the period 2000 - 2014 from World Bank database (Table 1):

Table 1. Selected Independent Variables Related to Determinants of Economic Growth

Determinants of Economic growth	Variables selected (proxies)
Accumulation of Physical Capital	- Foreign direct investment, net inflows (% of GDP); - Gross fixed capital formation (% of GDP);
Human Capital	- Enrollment in tertiary education per 100 thousand inhabitants; - Enrollment in tertiary education (%) - Labor force (total);
R&D	- R&D expenditure (% of GDP); - High-technology exports (current US$);
Economic Policies and Macroeconomic Conditions	- Inflation, GDP deflator (annual %);
Openness to Trade	- Exports (% of GDP);
Institutions	- Government effectiveness (percentile rank); - Rule of law (percentile rank); - Control of corruption (percentile rank);
Political Factors	- Political stability and absence of violence/terrorism (percentile rank);
Geography	- Total natural resources rents (% of GDP);
Demographic trends	- Population growth (%); - Population of age 15-64 (% of total)

Source: Selected by author from World Bank database

The most common measure of correlation in Statistics is the Pearson Correlation. Sets of data were analyzed by using SPSS software. The results can be observed in Annex 1 to the paper.

Conclusions

According to the results obtained (Annex 1) we found significant and strong correlation of almost all variables except variables related to Economic policies and macroeconomic conditions (Inflation), Openness to trade (Exports_PctofGDP). Variable “FDI net inflows” showed strong positive correlation only for Kyrgyzstan. In turn, variable “Capital_formation_pctOfGDP” which also relates to Accumulation of Physical Capital showed strong positive correlation with economic growth. However variables related to human capital (Tertiary_educ_per100thous; Enrol_Tertiary_educ_pctOftotal) showed both strong positive correlation for Kyrgyzstan and Tajikistan, and negative correlation for Uzbekistan. Strong positive correlation can be observed with variables related to Demographic trends (Population_growth_pct; Population_age_15-64_pctoftotal) in all Central Asian countries which is in line with initial hypothesis and empirical results obtained in other studies. Also, positive correlation of economic growth can be observed with variables related to Political Factors (Political stability) for Turkmenistan and Uzbekistan. Variable “Government effectiveness” related to Institutions showed strong positive correlation for all Central Asian countries except Kyrgyzstan. Variables “Control of Corruption_pctRank” and “Rule of law” showed strong positive correlation only for Kazakhstan.

Determinants related to Geography (Natural_resources_rents_pctofGDP) have positive correlation with economic growth for Kyrgyzstan and Tajikistan, and negative correlation for Turkmenistan and Uzbekistan and does not correlate for Kazakhstan which is strange taking into account that Kazakhstan and Turkmenistan are relatively resource-based economies. Variables related to R&D (High-tech exports) showed strong positive correlation with economic growth only for Kazakhstan. However variable (R&D expenditure) didn’t show a single direction or even didn’t show any correlation with economic growth, which somehow contradicts with our hypothesis and theories.

However, taking into account the insignificant amount of R&D expenditure in these countries that was predictable.

Given the experience of developed countries and resource-based orientation of economies of many Post-Soviet countries, including some Central Asian countries, it seems necessary to move from a resource-based economy to knowledge based economy with the strengthening of the role of the determinants of economic growth like Human capital, R & D, Institutions and as well as others.

Annex 1. Result of Analysis of Sets of Data (independent variables) Related to Endogenous and Exogenous Determinants of Economic Growth

Correlations						
		Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
Variables	Coeficients	GDP_percapita _currentUS$	GDP_percapita _currentUS$	GDP_percapita _currentUS$	GDP_percapita _currentUS$	GDP_percapita _currentUS$
FDI_net_inflows_pctofGDP	Pearson Correlation	-,418	,615	-,270	,320	,344
	Sig. (2-tailed)	,121	,015	,331	,245	,209
	N	15	15	15	15	15
Capital_formation_pctofGDP	Pearson Correlation	-,178	,903	,541	,732	,504
	Sig. (2-tailed)	,526	,000	,046	,004	,055
	N	15	15	14	13	15
Tertiary_educ_per100thous	Pearson Correlation	,429	,796	,804		-,734
	Sig. (2-tailed)	,337	,001	,000	n/a	,007
	N	7	14	15		12
Enrol_Tertiary_educ_pctOftotal	Pearson Correlation	,518	,703	,860		-,824
	Sig. (2-tailed)	,234	,005	,000	n/a	,001
	N	7	14	15		12
Labor force, total	Pearson Correlation	,982	,974	,990	,970	,965
	Sig. (2-tailed)	,000	,000	,000	,000	,000
	N	15	15	15	15	15
Rdexpen_pctofGDP	Pearson Correlation	-,675	-,299	,620		
	Sig. (2-tailed)	,008	,346	,024	n/a	n/a
	N	14	12	13		
Hightech_exports_currUS$	Pearson Correlation	,984	,215			
	Sig. (2-tailed)	,000	,460	n/a	n/a	n/a
	N	15	14			
Inflation_annual_pct	Pearson Correlation	-,178	,061	-,669	-,385	-,667
	Sig. (2-tailed)	,527	,830	,006	,156	,007
	N	15	15	15	15	15
Exports_pctofGDP	Pearson Correlation	-,568	,408	-,797	-,059	-,446
	Sig. (2-tailed)	,027	,131	,001	,849	,096
	N	15	15	14	13	15
Population_growth_pct	Pearson Correlation	,736	,731	,835	,860	,573
	Sig. (2-tailed)	,002	,002	,000	,000	,026
	N	15	15	15	15	15
Population,_age15_64pctoftotal	Pearson Correlation	,627	,859	,942	,916	,874
	Sig. (2-tailed)	,012	,000	,000	,000	,000
	N	15	15	15	15	15
Natural_resources_rents_pctofGDP	Pearson Correlation	-,444	,830	,886	-,851	-,799
	Sig. (2-tailed)	,098	,000	,000	,032	,001
	N	15	15	15	6	14
RuleofLaw_pctRank	Pearson Correlation	,872	-,603	-,012	-,095	,076
	Sig. (2-tailed)	,000	,023	,967	,747	,796
	N	14	14	14	14	14
PoliticalStability_pctRank	Pearson Correlation	-,368	-,114	,496	,551	,905
	Sig. (2-tailed)	,195	,698	,071	,041	,000
	N	14	14	14	14	14
GovEffectiv_pctRank	Pearson Correlation	,764	-,221	,789	,767	,734
	Sig. (2-tailed)	,001	,448	,001	,001	,003
	N	14	14	14	14	14
ControlCorrupt_pctRank	Pearson Correlation	,827	-,559	-,106	-,208	-,577
	Sig. (2-tailed)	,000	,038	,719	,475	,031
	N	14	14	14	14	14

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Adult trainers' motivation for the participation in non formal education

Aikaterini Sotiropoulou
PhD Candidate University of Patras, Department of Business Administration,
Agios Georgios Pyrgos Ilias, 27100; Greece
e-mail: sotirca@gmail.com

Abstract

The purpose of the study is to detect the parameters of Greek reality related to the determination of the motives that stimulate adult educators to participate in continuing education, the estimation of their significance, their explanation and their connection with job satisfaction. The survey was conducted in a representative sample and applied in the prefecture of Ilia. For data collection a questionnaire of closed questions was compiled. The findings revealed that adult educators seek learning changes motivated by internal forces. Competition, rapid changes in the field of adult education and need for employability determine the motivators. The orientation towards learning correlates with the life cycle and the level of qualifications. Educators with low level of job satisfaction are motivated to a great extent by external factors. Contrary to this, those with high level of job satisfaction are motivated by internal forces. Recognition of performance and the feeling of job security form the intensity of motives. The survey results constitute a valuable input for the configuration of professional development strategies in favour of the educators themselves but more for the development and implementation of effective managerial policies on behalf of the educational organisations who occupy this group of professionals.

Key words: Adult educators, informal training, education motives, job satisfaction

Coded according to JEL:M53, training

1. Introduction

Adults' educators' training comprises a recent field of research in Greece. The educators of adults need training to ensure the quality and effectiveness of the offered training services. The adult's educator has to take action in a field that is constantly changing and meet the challenges of current reality that demands flexibility and adaptability in several fields. As an adult he brings in education formulated attitudes, life and training experiences (Athanasiou, 2006) and combines them with the distinctiveness of the specific sector (secondary occupation, lack of professionalism, uncertainty, insecurity etc.). These constitute a complex blend of interaction that affect the participation motives and consequently the attitude at all stages of the learning process.

The survey tries to investigate and itemize the training motives of the adults' educators and measure the effects of job satisfaction on their formation. The survey results indicate how significant it is to know the motivation and its relation with job satisfaction as a valuable input for the configuration of professional development strategies in favour of the educators themselves but more for the development and implementation of effective managerial policies on behalf of the educational organisations who occupy this group of professionals. The ability of response by learning organisations such as educational organisations and their promptitude to incorporate the findings of

similar surveys through training and professional development of their employees is not only needed but it also determines their further evolution and development in the diffusible uncertainty of the economic and social environment and the uncontrollable competition.

2. Literature review

2.1. Motives for involvement in adult education activities

Motive can be regarded as a deeper emotional impulse that motivates a person to behave and act in a certain way, to achieve a purpose (Bovee & Thrill, 1992; Wang & Wang, 2004). Systematic attempts have been conducted to interpret the motivation of adults to be involved in educational activities (Taylor, 2001) which have resulted in the formulation of multiple theories and research approaches. For Carre (2000) the logic of research about the motivation of adult learners is based on the phenomenon of excess demand for skills development. Ahl (2006) indicates three levels of factors that create motives: character - personality, status - location, structural – organic. Ryan & Deci (2000) distinguish the types of motivation between intrinsic and extrinsic. Houle (1961) concludes that there exist three groups of learners, goal, activity and learning oriented. Burgess (1971) concluded that there are seven factors-incentives: the desire for knowledge, personal achievement goals, social objectives, religious objectives achievement, escape, participation in social activities and compliance with formal requirements. Boshier (1971 in Cross 1992) identified several correlations with Houle's findings and added a new category; social welfare. For Morstain and Smart (1974 in Cross 1992), adults seek training in order to develop social relationships, to meet the expectations that others have from them, to be useful to society, to achieve professional development, to escape and have new stimuli, to learn because they want to learn. The coincidence between Houle's three subgroups and Burgess's groups with the factors discovered by Morstain and Smart is apparent. Carp, Peterson, and Roelfs (1974 in Cross, 1992) based their study on the classification of Burgess and added two more, the desire for self accomplishment and the desire to acquire knowledge about culture and civilisation. Aslanian and Brickell (1980 in Cross, 1992) assumed that transitions to adult life requires from them to participate in learning activities in order to acquire knowledge missing which is needed in their new phase of life. Oaklief (1982 in Dolisso & Martin, 1999) found that adults participate in educational programmes not for financial gain but to acquire skills and more knowledge. Adults who consider learning as end in itself were intrinsically motivated; while those who were goal oriented were extrinsically motivated. Cervero (1988 in Hughes, 2005) presents five reasons why professionals choose to receive extra training: a) to maintain their skills, b) strengthen the likelihood that their clients will be better served, c) be prepared against challenges from colleagues, d) retain their identity in their profession, e) feel more secure in their profession. The reasons for participation can vary depending on the type of profession, the career and time presence in the profession.

2.2. Theories and models of interpretation of adult participation in educational activities

The typologies of motives have become the basis for formulating models and theories of interpretation and prediction of adult participation in education. The cost – benefit theory (Dhanidina

& Griffith, 1975) proposes a rational model considering that the decision to obtain further education is a deliberate choice that resembles the decision-making process of an investor. Cohn and Hughes (1994) used a framework for the interpretation of the decision to participate in education based on an internal rate of return. According to the theory of reasoned action (Ajzen & Fishbein, 1980) the decision to participate is a function of individual and regulatory factors while the relative weight given to each factor varies depending on the situations and people. Miller (1967) understands the educational activity as an interaction between personal needs and social structures; the participation is associated with the socio-economic status and the life cycle of the learner.

According to the expectancy - valence model, the anticipated benefit has two components, the expectation of personal success and the expectation that successful participation in the educational process will have positive effect (Rubenson, 1977, 1978 in Dollisso & Martin, 1999). The life transitions theory (Merriam, 2005) mentions that changes that occur during the life of the individual either voluntary or dependent on uncontrolled factors are affecting the education that each person seeks in order to meet new emerging situations and conditions. According to the psychological interaction model greater emphasis is given on the determinants deriving from the social environment of individuals (Darkenwald & Merriam, 1982). Merriam and Darkenwald introduced the concept of learning pressure, defining it as the point at which the environment of a person requires or encourages further learning.

According to Cross's (1981) chain of response model the decision of an adult to participate in an educational programme is not an individual act but comes as a result of a "chain reaction" towards the current psychological and environmental factors. The chain reaction starts from the trainee and gradually moves on to factors that have increased social and environmental character. The Interdisciplinary/sequential – specificity/time allocation/ life - span model (Smith Macaulay & Associates, 1980) is perhaps the most complete and comprehensive model focusing on several factors and social variables, personality traits, differences in time allocation. Smith and Theberge (1987) suggested the general activity model, making the assumption that people adapt to social and cultural environment. Models and theories provide important knowledge for understanding adult participation in educational activities. At the same time they confirm and elevate the complexity of participation as behaviour. What might motivate and stimulate the interest of each individual is different. The understanding of adult participation in education and training therefore requires a holistic approach.

2.3. Education and Job satisfaction

Job satisfaction is a pleasant emotional situation (Locke & Latham, 1990) led by the fluffiness of values at workplace. Vroom (1964) believes that is a function between perception and job instrumentality to ensure some desirable effects; a function of job valence. Herzberg (1959) distinguishes two different groups of factors related to job satisfaction; the motivators and the hygiene factors. Spector (2000) believes that there are two groups of approaches, the global and facet approach. Job satisfaction can be extrinsic or intrinsic (Warr, 1987). Evans (1998) distinguishes the satisfactory situations from the factors that cause satisfaction calling them "job comfort" and "job

fulfilment". Hoy and Miskel (1991) define job satisfaction in the field of education as an emotional condition of pleasure or displeasure.

The relation between education and job satisfaction isn't always steady (Ganzach, 2003; Verhofstadt & Omey, 2003) but most surveys indicate a positive relation. Better educated people are more likely to find more rewarding work and receive more satisfaction from their work (Ganzach, 2003). The acquisition of skills through training leads to increased professionalism whereas lack of it can lead to the decrease of job satisfaction (Wright & Davis, 2003). Well-trained people have certain expectations; work with professionalism while building their careers. Vocational training programmes for employees have a significant positive effect on job satisfaction (Hatcher, 1999). However, many researchers have detected a negative relation between education and job satisfaction (Clark & Oswald, 1996) while others have shown that education has no significant effect on job satisfaction (Lambert et al, 2001; Ting, 1997).

3. Methodology

The issue in this research study was developed around the drift: motives in education and job satisfaction of adult educators. The aim of the study is to detect the motives that stimulate adult educators to participate in continuing education, the estimation of their significance, their explanation and their association with job satisfaction. The study was based on quantitative analysis and specifically on survey. The answers to the research questions were given through the results of data processing. Data was collected using a structured questionnaire distributed to adult educators.

The population of the survey consists of adult educators registered members of certified adult educators in the prefecture of Ilia- Greece. Since the total number of the population was eighty, the research was carried out in the general population, so it has census characteristics. Only 64 out of 80 adult educators were surveyed, of whom 47 were male and 17 female. The 36.67% were between 30-40 years, 33.33% between 40-50, 21% between 50-60 years. The 24.19% had been involved in adult education for less than 5 years, 25.81% up to 10 years, 30.65% up to 15 years, 17.74% up to 20 years and only one had experience for more than 20 years. The largest percentage of 54.7% belongs to positive and technological sciences, 16.6% has ICT background, 12.5% economy and administration background, 10.9% in teaching and psychology. The 50% are higher educated, 23.4% are graduates of technological education, 25% hold master degrees and only one holds a doctorate. All are professionals in the subject area they teach, and for all adult education is second occupation. The 59.4% of them have attended up to three training courses, 18,8% up to 5 courses, and 21.9% participated in up to 10 training programmes.

For data collection a questionnaire with closed questions was used. The questionnaire consisted of three sections: the first one concerned the measurement of job satisfaction, the second measured the motives and the third section recorded the demographic characteristics. For the measurement of job satisfaction the Warr, Cook & Wall's tool "Job satisfaction – JB" (1979) was used. It consists of 15 suggestions - questions and counts three dimensions of job satisfaction: *"the*

framework and working conditions", *"the recognition by superiors and colleagues", "the system meritocracy"*. Employee Lifelong Learning Scale - ELLS of Gardiner and Kline (2007) was used to measure the motives. It consists of 17 suggestions - questions that correspond to three categories of people *"passionate visionary"*, *"ambitious"*, and *"frightened"*.

4. Results

The main items that force adult educators to be educated, according to the ELLS scale are: *"I would like to learn to be the best I can be in my chosen field"*(M=4.41), *"I would like to get ahead in my work"* (M= 4, 22), *"I would like to be active in my work for many years"* (M= 4.19), *"I learn things that I can apply to work just because I like to learn"* (M= 4.02).

Factor analysis based on Maximum Likelihood Factor Analysis confirmed Gardiner and Kline's three factors (passionate visionary, ambitious, frightened) with the exception of two items (Table 1). The item *"I learn when I have specific goals and objectives"* was dropped because it had value less than 0.32. The item *"I like to work where employment is regular and secure"* was categorised in a different factor. The difference may be explained by the fact that the ELLS tool has been developed in a country with different conditions of employment, different social structures and culture and has been applied to a different professional group.

Table 1: the factors of incentives according to the typology ELLS

	Factors		
Items	Passionate Visionary	Fearful Instrumental	Ambitious Instrumental
I feel very personally involved in my work.	.797		
I would like to be active in my work for many years.	.779		
I would like to be remembered for what I did in my work.	.660		
I would like to work for as long as possible.	.641		
I learn because I am committed to my career.	.616		
I have a passion for learning.	.598		
I would like to learn to be the best I can be in my chosen field.	.594		
I learn things that I can apply to work just because I like to learn.	.541		
I have a vision of where I want to be in my work in ten years, even if I am not sure of how to accomplish my vision.	.388		
I learn when I have specific goals and objectives.			
I learn new skills in order to keep my job.		.893	
I learn to remain employable in my current organisation.		.735	
I learn because I am afraid of losing my job.		.695	
I learn because I need to in order to achieve my career goals.		.436	
I would like to be promoted.			.816
I would like to get ahead in my work.			.668
I like to work where employment is regular and secure.			.490

Extraction Method: Maximum Likelihood.

Rotation Method: Varimax with Kaiser Normalization.

The size of the sample, even small, was examined for size adequacy and found sufficient. MacCallum et al (1999) suggest that definite recommendations regarding sample size in factor analysis are based upon the misconception that the minimum sample or N:p ratio for meaningful factor analysis is invariant across studies. They suggest that the minimum sample size depends upon the nature of the data itself, its "strength". Strong data is data in which item communalities are consistently high, factors exhibit high loadings on a substantial number of items (at least three or four)

and the number of factors is small. Empirical evidence supports the argument that sample size is less important where data are sufficiently strong. Obsorne and Costello (2004) found that sample size had less of an impact in factor analysis when there were fewer variables (items) and that both N and N:p had a larger effect on the "goodness" of a factor analysis when item loadings were small. Similarly MacCallum et al (1999) reported that when data are strong the impact of sample size is greatly reduced and concluded that factor analysis can produce correct solutions. Costello and Osborne (2005) also noted that uniformly high communalities are unlikely to occur in real data and that more common magnitudes in social science research are in the order of 0.40 to 0.70. As communalities become lower the size of the sample has a grater impact upon factor analysis outcomes. In this study the data are fairly strong. All three factors are fairly determined (over three), the communalities exceed 0.611 on average. These in combination with the fact that the Bartlett test of sphericity is significant (0.000), the Keiser-Meyer-Olkin measure of sampling adequacy is greater than 0.6 (0.726) indicated that the sample size was sufficient for factor analysis.

Factor analysis revealed that three factors explain the 48.37% of the variance of the variables of motives (23.90% for the first, 13.09% for the second and 11.38% for the third), value that can be considered as significant. The reliability index «Cronbach a» showed that for all three factors reliability was at satisfactory levels, 0.865 for the passionate visionary, 0.791 for the fearful Instrumental and 0.718 for ambitious instrumental.

The correlation and analysis by factor was attempted to find possible association between adult educators' demographic characteristics and motives. Gender seems to affect a number of motivators. Females (M= 4.06) seem to be more passionate about learning than males (M= 3.26). They also want to learn things because they are applicable to their work or because they just like to learn (M= 4.4 versus M=3.87 for males). Females (M=4) are motivated to be educated more than men (M=3.40) because they feel very personally involved in their work.

Age affects positively the motives *"I learn because I am committed to my career"*, *"I have a passion for learning"*, *"I would like to be remembered for what I have done in my work"*. Older people pay more attention to these factors (Spearman correlations: 0.339, 0.354, 0.418, statistically significant for a = 0.01). All educators, regardless of their age, are educated because *"they would like to be active in their work for many years"*, *"they learn things that they can apply to work just because they like to learn"*, *"they would like to learn to be the best they can in their chosen field"*. The youngest educators are educated because they have specific goals and objectives, and the older get educated to remain employable in their current organisation or learn new skills in order to keep their jobs. Factors such as *"I learn because I am afraid of losing my job"* or *"I would like to be promoted"* don't seem to concern any particular age. Both young and older educators have aspirations about working where their work is more regular and secure.

A lot of motivators vary depending on the level of education. Graduates from technological institutes (M=4.47) are motivated more than the higher educated (M=3.94) and master graduated (M=3.69) to learn things that they can apply to work just because they like to learn. They are also

motivated to learn to remain employable in their current organisation (M=3.07) compared to higher educated (M=2.87) and master holders (M=2.75). They seek to learn new skills in order to keep their job (M= 3.60) compared to higher educated (M=3.22) and master holders (M=2.50).

Regarding the correlation between motives and specialisation, there are significant differences. Adult educators who come from the areas of legal and political sciences, and information technology show less significance to factors such as *“I learn because I am committed to my career”*, *“I would like to be active in my work for many years”*, *“I would like to work for as long as possible”*, *“I would like to learn to be the best I can in my chosen field”*, *“I would like to be remembered for what I have done in my work”*. Factors such as *“I learn to remain employable in my current organisation”*, *“I learn new skills in order to keep my job”* affect more adult educators who come from the science of economy and administration. For all adult educators, regardless of specialisation, the motive *“I would like to get ahead in my work”* remains significant, since in all categories the average exceed 4.00.

Some of the motives vary according to the years involved in the field of adult education. The motive *“I would like to be active in my work for many years”* correlates positively with the years involved (spearman correlation 0.341, statistically significant for a = 0.01). The factor *‘’I learn because I would like to work for as long as possible”* correlates positively with the years involved in adult education field (spearman correlation 0.297, statistically significant for a = 0.05). The significance of motives correlating with the factor *“I learn because I need to in order to achieve my career goals”* is rising as the years involved are increasing (spearman correlation 0.311, statistically significant for a = 0.05).

The significance of motives varies depending on the involvement of educators in previous training. The more training sessions they had attended the more significant motives such as *“I learn because I am committed to my career”*, *“I have a passion for learning”*, *“I would like to be active in my work for many years”*, *“I would like to work for as long as possible”*, *“I would like to learn to be the best I can in my chosen field”* are considered. The number of previous training courses did not have the same impact on motivators related to fear. The more courses they have attended the less significant the motive *“I learn because I am afraid of losing my job”* is considered.

A general assessment of the research findings indicate that there is a significant correlation between different aspects of job satisfaction and the factors that motivate adult educators towards learning. To measure the correlation between the variables of job satisfaction and training motives, spearman coefficient of correlation was used because some parametric assumptions (normality and linearity) were not confirmed from the statistical analysis. On the other hand, all the correlated variables were distinct.

The adult educators involved in the survey are motivated to learn because they are committed to their career. They are satisfied from recognition of their performance, from their recognition by their superiors, their reward and the way they are managed (r=0.362, r=0.416, r=0.359, r=0.375, statistical significant for a=0.01).

Satisfaction from the recognition of performance, the recognition by the superiors, the awards, the chances of promotion, the management style and from the chances of evolution is positively correlated with the motive *" I would like to be active in my work for many years"* (r= 0.501, r=0.430, r=0.373, r=0.401, r=0.416, r=0.422, statistically significant for a = 0.01). Satisfaction deriving from the recognition by the superiors and from management style positively influences the motive of training *"I would like to work for as long as possible"* (r= 0.432, r=0.444, statistically significant for a = 0.01). Educators are positively motivated to learn because they feel very personally involved in their work or they want to be the best they can in their chosen field as they feel that they are recognised for their efforts by their superiors (r= 0.360, r=0.347, statistically significant for a = 0.01).

Satisfaction related to the working hours is negatively correlated with the motive *"I learn to remain employable in my current organisation"* (r= -0.408, statistically significant for a = 0.01). All variables of job satisfaction scale are correlated negatively with the motives *"I have a passion for learning"* and *"I would like to be promoted"*.

The motives *"I learn new skills in order to keep my job"* or *"I learn because I need to in order to achieve my career goals"* are positively correlated with satisfaction deriving from the managing style (r=0.354, r=0.322 statistically significant for a = 0.01 and a = 0.05). The adult educators who are satisfied with their working conditions are more motivated to be educated because they need to feel safe (r= 0.311, statistically significant for a = 0.05).

From the conducted analysis concerning the correlation between the factors of job satisfaction and the factors of motives significant positive correlations were revealed (Pearson coefficient of correlation) both between the factor *"passionate visionary"* and *"satisfaction from the framework and working conditions"* (r=0.319,) and between the *"passionate visionary"* and *"satisfaction with the meritocracy of system"* (r=0.365).

By applying the method of multiple regression, fulfilling all the necessary assumptions (linearity, normality, homoscedasticity, independence of the residuals, regularity of the residuals) it was shown that the factors of job satisfaction are able to explain the 0.446 (coefficient of determination R^2) of the variation of the value of the factor *"passionate visionary"*. It practically means that the 44.6% of the motivation of the *"passionate visionary"* adult educator can be explained by the factors of job satisfaction. From the regression analysis it is also shown, after the relevant tests of statistical significance, that the only factor that explains the motives of the *"passionate visionary"* is the satisfaction by the meritocracy of system (beta coefficient 0.480, probability less than 0.05). Adult educators' satisfaction from the meritocracy of the system, meaning the recognition of their performance and the security of their work, contribute to the amount of 0.476 of the formation of the incentives that define the profile of the *"passionate visionary".*

5. Discussion

Almost all the participants in the survey have shown strong incentives to participate in training actions. They are being consciously involved in learning and have their own inner intentions to be

educated. All the incentives mainly derive from the characteristics of their personality (Ahl, 2006). Factors associated with internal motives have higher average levels, indicating that adult educators are motivated to pursue learning changes motivated by intrinsic rather than extrinsic motives (Ryan & Deci, 2000). Women seem to be influenced by intrinsic factors with greater intensity than men. On the contrary, motives related to extrinsic motivation were not so important. Training is for adult educators an additional source of income rather than their main profession. They have been involved in various sciences, and they are usually occupied in other fields feeling themselves members of other professions.

Age considerably differentiates the motives for education. Older educators are motivated to a greater extent endogenously compared to the younger. The competition and rapid changes in the field of adult education force the educators to be educated in order to remain employable; this trend confirms the life transition theory (Merriam, 2005). Changes that occur in their lives influence their decisions to seek more training in order to face new situations and conditions that emerge, owing to their maturity and developments that have occurred in adult education. Younger educators consider the achievement of career goals as the most significant motive. It is expected that they do not feel aged or professionally mature and consequently they pursue more education just to succeed in their profession. This differentiation may be positively correlated with the developments that have occurred in the field of adult education and suggest the trend towards professionalisation. The findings regarding diversification of educational motives related with age could be interpreted in the light of the force - field theory (Miller, 1967). The adult educator's involvement towards learning is correlated with the point of their life cycle. The relative strength of individual needs, personal and psychological characteristics that are formed by age, facilitate or impede their participation in educational activities, by elevating or relegating specific incentives.

Motives for education vary depending on the level of education. Adult educators with lower education level are more motivated by extrinsic factors. Feeling insecure they seek to maintain their employability and pursue the acquisition of more skills. This behaviour fits the psychological interaction model, according to which the determinant factors including the type and performance in the formal education system affect the motives for education (Darkenwald & Merriam, 1982). Adult educators with significant experience choose to be educated, implementing a sort of investment (Cost benefit analysis) so that the value of their offered services in the future is increased (Dhanidina & Griffith, 1975).

The numbers of courses in which adult educators have participated in the past differentiate motives. The more courses they have been involved in, the more important motives have been considered factors like: career commitment, passion for learning, years of activity, best performance. This finding confirms the model of equation and the existence of positive correlation between the quantity of previous education and the likelihood of participation in new educational programmes (Boshier, 1973 in Smith, 1998).

The relationship between job satisfaction and motives for training revealed significant positive or negative correlations between the satisfaction that an adult educator receives from the profession and the parameters of motivation for learning. Those who were not satisfied with their job or at least with some of its aspects have a tendency to seek educational opportunities influenced by external incentives. Adult educators who feel more satisfied with their work are motivated to a greater extent by intrinsic factors. All aspects of job satisfaction correlated negatively with education incentives associated with the passion for learning, the less satisfied the educators are from various aspects of their work the more they are motivated to be trained when they have passion for learning. The less they feel dissatisfied from their work, the more they want to be trained in order to be promoted. The degree of satisfaction from aspects of the profession such as the recognition of their performance and the confidence that derives from their job, form almost the 50% of the intensity of incentives linked to the passion for their profession and learning in general.

6. Conclusions and implications

This research study resulted in the formulation of important conclusions. Considering the fact that no similar research effort has been conducted for the specific professional group, proposals can be put forward and new research directions that could enhance the acquisition of new knowledge in this field can emerge. Finding training motives and their correlation with job satisfaction is essential for various reasons. The knowledge of the education incentives is important in terms of design, development and implementation of training programmes for any educational institution. Understanding the reasons why adult educators perform and are motivated in a particular way is an important issue for their support in achieving their teaching effort. The study of motivators can provide useful information to organisations that employ adult educators, which could be taken into account in the phase of strategic planning. The exploitation of training incentives would virtually be important knowledge for the improvement of their job satisfaction and their further business development within the business field they belong to.

During the survey a lot of new items were revealed that could be explored in more detail through other research efforts. A research concerning training motives could focus on the correlation with several components of the job profile of the adult educator as well as on exploring the repelling factors in participating in non formal training and the identification of the deterrent factors. The conduction of other research towards deeper understanding and elevation of the correlation between trainers training incentives and the social and work context in which they operate, or the understanding of the association of incentives with various types of training would be interesting as well.

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Government Failures as Institutional Constraints for Industrial Policy in Serbia

Aleksandra Praščević

PhD, Full Professor, Faculty of Economics, University of Belgrade,
alja@ekof.bg.ac.rs

Abstract

The paper explores the prospects for the application of industrial policy in Serbia by focusing the government failures (including insufficient information, government capabilities – competences and wrong incentives of the politicians), as the most important forms of the institutional obstacles which could induce harmful effects of the industrial policy. During decades of commitment to the free-market concept, before the global economic recession (2007-09), the belief that «no industrial policy is the best industrial policy» was dominated both in economic theory and economic policy. The legacy of the global recession encouraged the return to significant involvement of industrial policy, as a part of the macroeconomic management. This is particularly important in the economies in transition whose success largely depended on the involvement of industrial policy as a form of state intervention in stimulating economic development, in a certain stage of economic transition. That is why the industrial policy is again back in the economic policy agenda of those countries which have had experience with de-industrialization during economic transition. The current unfavorable macroeconomic movements in Serbia led to the economic goals redefinition, by including not only the price stability but also the objective of fostering employment creation and supporting economic growth. Success of the fiscal consolidation strategy which has been implemented in Serbia depends on the government measures of encouraging structural transformation of Serbian economy which are part of the industrial policy measures. Although the intensive use of industrial policy in Serbia is needed, it faces significant constraints. It is possible to identify two important limiting factors of the implementation of industrial policy in Serbia: public finances problems (lack of budget sources which could be used for industrial policy measures) and institutional constraints including bad formal institutions, dominance of informal norms and corruptive behavior of the government officials in implementing active measures in state-business relations support. The fact that the industrial policy should be implemented by government and bureaucrats who don't have capacity to identify market imperfections, and created and overseen by politicians who are prone to corruption and rent-seeking by powerful groups and lobbies are the reasons why the industrial policy in Serbia could result in waste of the economy's resources. That is why the industrial policy in Serbia should be not only the “new” one in the sense that it is not focused only on the manufacturing sector of the economy, but on the new technologies and long-term targets of the society, but it should also be based on the improvement of institutional factors of coordination between the private and public sectors, as well as between different levels of government (including public agencies) and private entities. Only in that way the implementation of the industrial policy, as a part of change of economic growth strategy would help the improvement of Serbian economy competitiveness in the global market and encourage the economic growth.

***Key words**: industrial policy, institutions, economic policy*

JEL classification: E02, O25, D72

1. Introduction

Many developed economies owe their development to the use of industrial policy measures in the past. It could be proved even for the country in which the industrial revolution took place during ancient 18th century (Britain) and for those who have realized industrialization little later, during the second half of the nineteenth century (e.g. Germany), but also for those that recorded economic development during 20th century. The debate over the necessity of the application of industrial policy and its positive or negative consequences goes back to the period of the classical political economy during the nineteenth century.

Arguments "in favor" or "against" industrial policy is still a part of a wider controversy which took place in economic theory in terms of commitment to or "against" the government intervention in the economy – particularly in encouraging economic development. These controversies included the acceptance or rejection of the development potential of industrial policy, in general. In fact, economic development as a process of continuous technological improvement, industrial development and structural transformation may require an appropriate industrial policy of the state, especially in developing and emerging market countries. Crucial theoretical reasons in favor of the industrial policy are connected with the market failures. On the other hand, the opponents of this policy highlight government failures (including insufficient information, capabilities and wrong incentives of the politicians), as the most important for the harmful effects of industrial policy.

Of course, some conclusions about the industrial policy are already made and they are no longer subject to further debate. Such conclusions are primarily related to bad experiences with the "old" industrial policy which was based on traditional strategies adopted during 1950s and 1960s in many developing countries (built on structuralism and not including comparative advantages). They proved to be completely wrong and unsustainable. The "old" industrial policy, in fact, failed to provide structural transformation or economic growth, but did affect the long-term misallocation of resources (Lin and Treinchel, 2014, p. 66-67) and implicitly decelerated structural change and slowed technological progress (Aiginger, 2014, p. 8).

Instead structuralism, today we can observe the new structural economics which includes a neoclassical economic analysis. According to the new structural economics, the industrial policy should be designed in accordance with the goal to maximize domestic and international competitiveness of the economy. Industrial structure and economic growth have to follow comparative advantages of the economy. This will ensure the competitiveness of the economy and maximization of capital accumulation and optimal allocation of resources. For each country it is necessary to find out what are the key limiting factors of economic growth, including institutional factors that support growth (protection of property rights, protect effective competition, openness and free markets), as well as to develop the infrastructural capacity (transportation, roads and electricity power) and educational system. All these factors can not be left only on the market functioning but require an active policy of the country.

It is also important to know that the legacy of the global recession (2007-09) encouraged the return to significant involvement of industrial policy, as a part of the macroeconomic management. This is particularly important in the economies in transition whose success largely depended on the involvement of industrial policy as a form of state intervention in stimulating economic development, in a certain stage of economic transition (Cerovic et al, 2014, p. 23). That is why the industrial policy is again back in the economic policy agenda of both industrialized contries, and of those countries which have experiance with de-industrialization, especially during economic transition.

It is primarily expected to provide employment increase and encourage the slow economic growth, because it is evident that the economy with small manufacturing sector had significant problems to

find the way out from the recession (Aiginger, 2014 p. 4). This is the case with economies in Southern Europe (including Serbia) with poor industrial bases and bad perspectives for recovery. This would confirm the well known fact that manufacturing is the basis for the growth since this sector induces the largest share of R & D, so it is necessary for research and innovation. Today we talk about a "new" industrial policy which is not only focused on the manufacturing sector of the economy, but on the new technologies and long-term targets of the society (Aiginger, 2014). It also has to take into account all, especially institutional constraints which could make industrial policy wrong. These are the topics that will be discussed in the paper, of course, from the point of application possibilities in Serbia.

2. Neglecting Industrial Policy in Serbia in the Past

During the long process of economic transition in Serbia which still lasts (started in 1990`s and interrupted by political constraints – UN economic sanctions and isolation, wars in Former republics of Yugoslavia and political instability), one of the most important feature was de-industrialization of the Serbian economy. That is why we could divide the Serbian economic development into two fazes:

1. during socialist period – after the Second World War until 1990 (intensive industrialization),
2. economic transition – from 1990 until today (intensive de-industrialization).

Period from 1990, when the economic transition started in most of the European socialist countries, until 2000, when it was almost finished in the most of them, could be labeled as the “lost decade” for Serbian economy and society. So it is not surprising that we can found very unfavorable figures concerning industry and industrial production during this period. It is more surprising that such tendencies continued after the October political changes from 2000. That brought us to the conclusion that Serbian industry didn’t make a significant contribution to the transitional economic growth, which could be the reason for the weak growth that Serbian economy has recorded from 2000, so the Serbian GDP in 2012 was just beyond 60 percent of the GDP in 1989. Industrial production in 2012 was just 3.6 percent higher than in 2000 (average annual growth of only 0.3%), and around 40 percent of the production in 1989. Similar conclusions could be found in analyzing industrial employment in Serbia since 2000. It also recorded a sharp fall so in 2010 it was around 41 percent of the figure in 1989 (5 industrial workers per 100 inhabitants in 2010 in contrast to 12 of them in 1989). Total number of industrial workers recorded in 2012 around 340,000 in contrast to around 700,000 of them in 2001 (Šojić, 2014).

Although it is evident that the industry plays important role in economic development, in Serbia for a long time, the industrial policy was not clearly defined, comprehensive and enforceable. Such lack in economic policy together with the process of de-industrialization that has been present in the past decades contributed to reducing the ability of the Serbian economy for economic growth, its competitiveness, and responsiveness to the impact of the global recession. Thus, the Serbian economy has increased, instead of reducing their vulnerability to the impact of global economic trends, but not because of strong integration into the world economy, but because of dependence on foreign capital inflows and of weak economic structure. These foreign capital inflows (primarily resulted from privatization revenues) were counterproductive due to the application of the wrong development model, based on domestic demand, without contributing to the process of industrialization.

The reasons why Serbia did not have a clearly defined industrial policy were of political and ideological character. They were induced by following factors:

- Selection of the wrong model of development;
- Selection of the privatization model and the effects of its implementation;

- Committing to one economic policy goal – price stability, neglecting the problems of high unemployment rates;
- Neglecting the real sector and dominance of the financial sector.

Behind these factors, there was a commitment to the concept of "free-market economy" promoted by the Serbian governments since the political changes in 2000, as part of their reorientation in the economic strategy. This concept usually provides a strong theoretical base for the rejection of industrial policy. It was not exclusively connected to Serbia, but it was almost universally accepted, particularly in transition economies. They based their economic and development policy on the concept offered by the Washington consensus. It was considered that three basic elements - privatization, liberalization and macroeconomic stabilization, are sufficient for economic development. That would go along with consolidation of democratic political system of Serbia. However it turned out that this is not the true. In the case of Serbia, although growth rates in the period before the start of the crisis (2007-09) were significant, they were not sufficient to achieve the level of income (GDP) from the pre-transition period (recorded in 1989). The lack of structural reforms and inappropriate nature of economic growth became significant during and after the global economic recession (Prascevic, 2012a, 2013).

The "free-market economy" concept, implemented verbally by the Serbian policymakers, rejects industrial policy due to the fact that "government failures" and "bureaucratic failures" could be even worse than "market failures". Therefore the industrial policy could result in lower overall welfare. The reasons "against" industrial policy analyzed in detail in the theory are important to consider the application of the elements of industrial policy in Serbia in the previous period. Although it can be observed that there was neither well defined, nor successfully realized industrial policy in Serbia, some instruments of government intervention that could be identified with it were implemented in the Serbian economy leading to a reduction of its social welfare. The Serbian governments took some of the active industrial policies and instruments providing public inputs to particular economic actors (for example in promoting foreign direct investments). In this case the institutional shortcomings worsened the probability of success of industrial policy, leading to the reduction of the general social welfare, or to an increase in individual welfare of powerful interest groups in the country (economic and political elites of Serbian society).

3. Perspectives of the Industrial Policy in Serbia

The unfavorable macroeconomic movements in Serbia (Figure 1), after the global economic recession affected it (contracted Serbian GDP by 3.1 percent in 2009 but saw brief positive growth in 2010-11 before going back into recession in 2012), led to redefinition of economic goals, by including not only the price stability but also the objective of fostering employment creation and supporting economic growth. The new development model of Serbia was needed. Such model was established and accepted by the Serbian government in 2011. After the verbal support for the change in economic policymaking a little was done in the model implementation.

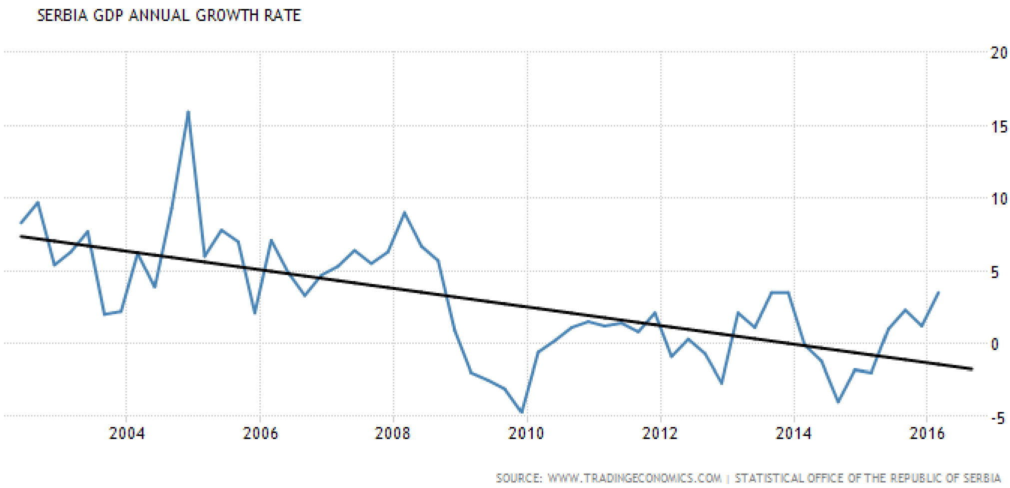


Figure 1: *Serbian GDP growth rate (2002-2016)*

Source: http://www.tradingeconomics.com/serbia/gdp-growth-annual

At the same time Serbia was faced by the problems of public finances – huge budget deficit and public debt. Although these problems started before the global economic recession affected the Serbian economy they culminated in the post-crisis period imposing the need for implementing the fiscal consolidation strategy, based on the well known austerity measures. Such measures could result in economic contraction (economic recession). Success in the long-run of the fiscal consolidation strategy which has been implemented in Serbia from the end of 2014 depends partly on the government measures of encouraging structural transformation of Serbian economy which should be a part of the new industrial policy. It could help to avoid economic recession and boost economic recovery. Although it is well known fact that the macroeconomic adjustment is necessary for the economic growth, it is also important to use industrial policy in order to increase national production possibility promoting also the macroeconomic stability. That is why the new strategy for the industrial policy in Serbia should be based on the structural reforms which will result in the new competitive industrial structure.

Although the intensive use of industrial policy in Serbia is needed, it is possible to identify two important limiting factors of the implementation of industrial policy in Serbia (in the past and in future):

1. public finance problems (lack of budget sources which could be used for industrial policy measures);
2. institutional constraints including bad formal institutions, dominance of informal norms and corruptive behavior of the government officials in implementing active measures in state-business relations support.

These factors were present for a long time, especially the second one – institutional constraints. So we come to the following principles (Aiginger, 2014, Rodrik, 2008, Aghion et al., 2011) that the new approach in Serbian industrial policy should satisfy:

1. It should be created in order to make better cooperation between government and private sector, so it should promote broad sectors, not companies (with positive spillovers to other sectors);
2. It should be created in order to prevent investing in old technologies (prevent conservative path-depended decisions of the companies);
3. It should be created in order to promote comparative advanages of the economy, to stimulate exports (never prevent imports) and competition in the economy («integrated» industrial policy);

4. It should be created in order to promote long-term goals of the society as a whole (never just individual companies);
5. It should be systemic and integreated with other policies (innovation, education and ecological policies) with perspectives of 20 or 30 years in the future (ahead) («wider» industrial policy).

Recently, Serbian economy recorder some positive movements in terms of GDP growth: increase of 3.5 percent year-on-year GDP in three months to March of 2016, compared to 1.2 percent expansion in the previous period. In 2016, the Serbian GDP is expected to expand around 2.0 percent (GDP annual growth rate in Serbia averaged 2.81 percent from 1997 until 2015, which is a pretty modest figure). One of the most important role in Serbian recovery is related to recovery of the industrial production in Serbia (figure 2), although in the last quarter of 2015 the growth rate of production in automobile and food industries recorded negative figures. Factors favorable to Serbian economic growth include its relatively inexpensive and skilled labor force and free trade agreements with the EU, Russia, Turkey, and countries that are members of the CEFTA. All of them could be connected and important for the industrial development (process of reindustrialization).

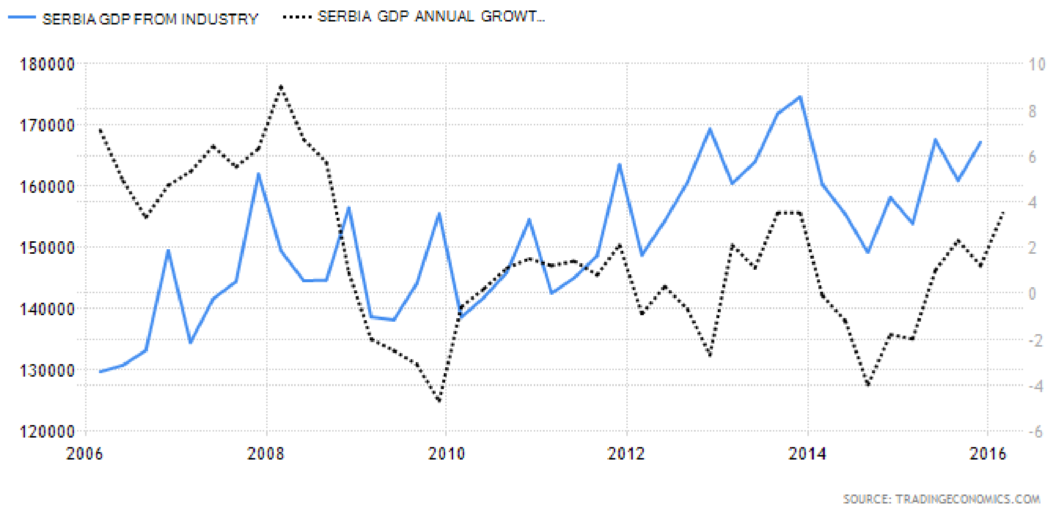


Figure 2: *Serbian GDP from industry (2006-2016)*

Source: http://www.tradingeconomics.com/serbia/gdp-from-manufacturing

Although macroeconomic trends in Serbia have recorded some positive signals (economic recovery, fiscal adjustments and price stability) the overall economic results are far away from those that were planed in the new strategy of economic growth and in the new model of industrial growth. Both strategies (2011) imposed different and very specific objectives both in the fields of industrial production (including rise in industrial output, labor productivity, share of export of the industrial products, investments in various industries, inflow of FDI in manufacturing, employment in manufacturing industry) and in overall macroeconomic outcomes (GDP growth, decrease in unemployment rate, increase and restructured of Serbian export, improvement in trade balances). These goals are connected to the long-term objectives of the Serbian society: dynamic and sustainable industrial growth and development, reforms of the educational system in order to provide skilled labor force according to needs of Serbian economy, reforms of Serbian labor market, stimulation of innovation and R&D activities, improvement of regional development, improvement of energy efficiency and environment protection).

According to the new model of growth and development, the industrial production in the period 2011-2020 should increase annually by 6.9%, inducing an increase in share of industrial production in the

Serbian GDP to 19.1% years in 2020. Also, the employment in industries should increase for 27.3%, making an increase in the share of industrial employment to 26.4% in 2020 (Jakopin, 2011).

Instead of traditional approach, relying on subsidies, state ownership and tariff protection which affected product markets and factor markets in order to correct market failures, it is recommended that the new industrial policy should stimulate building up systems and networks, developing institutions and aligning strategic priorities (Warwick, 2013, p. 4). According to that concept the industrial policy in Serbia should not be only about the industry in traditional manner (manufacturing), but also in other nontraditional activities. It should stimulate and promote structural changes in the economy, since the «missing factors» of economic growth - capital, technology and enterpreneurship could not emerge only from market forces (Shapiro, 2007, p. 1).

The process of reindustrialization in Serbia should imply a relatively greater increase in those industries in which a relatively large gap was recorded during the transition period. It should also include industrial production that brings high value added and those based on knowledge, R&D and innovation. Specific industrial sectors which will be targeted are following:

- low-tech industrial production: food industry;
- medium- tech industrial production: chemical industry, manufacturing machinery and equipment, transport equipment manufacturing;
- high-tech industrial production: electronic industry (Stamenkovic et al., 2010)

Along with the structural reforms that should be undertaken, the industrial policy needs infrastuctural investments that will improve the overall production capacity of the Serbian economy. Specific activities which should be taken in order to fullfil the goals include:

- improvement of the business environment: creating of a competitive business environment and enterpreneuraial sector including improvement of the state administration, evironment for investment and insitutional upgrade in order to improve the position of Serbia on the rankings of international competitiveness and doining business;
- indirect government measures: guarantees and insurance, tax incentives, technical assistance, support to specific forms of organizations: incubators, clusters, technology parks, free industrial zones and export zones, financial support of the state in public-private partnership.
- direct government measures: state loans to industrial producers in specific targeted sectors, for start-ups, for small or medium enterprises, for regional development, for inovators, etc. (Stamenkovic et al., 2010)

Changing and building the institutions that will be able to carry out these activities are very important for success of the industrial policy in Serbia. Differences which could be found between institutions and its capacities in different countries are important for explaining differences between their economic growth, standard of living and success of government activities in the economy, including industrial policy. The government plays important role in promoting entrepreneurship and innovation. According to the theory of political economy quality of institutions is important issue in providing effective governance in one economy. The state should not focus only on health, education, infrastructure or protection of property rights, but also on providing social safety, stability and cohesion. That is why a market economy should be developed jointly with consolidation of political democracy which includes rule of law, high-quality judiciary, representative political institutions and free political elections, as bases for representative political democracy. Lack of these institutions could be of decisive importance for negative results of the government intervention in the economy. That is the case in Serbia.

4. Institutional Constraints of Industrial Policy in Serbia

In Serbia, the fact that insufficiently developed economic and political institutions will harmfully influence economic and political development was almost completely overlooked. The power and influence of these institutions on economic and social development were ignored. Its weakness, which dates back to the communist – socialist period of Yugoslav economy, tried to be replaced by the simple implementation of international practices by importing and adopting available institutions from more advanced economies, which did not give appropriate effects. It is important to take into account local constraints and opportunities since the practice in Serbian institutional building is highly specific to local conditions with high level of discreteness, very often politically motivated.

It is well known argue that the success of the implementation of any industrial policy depends on the nature of the political system and institutions in the economy (Warwick, 2013, p. 23). Such opinion is connected to the so-called "government failures" which could have negative consequences of the industrial policy, especially if it is implemented in traditional way. Among the reasons why governments should stay away from industrial policy are those that the policy should be implemented by bureaucrats who don't have capacity to identify market imperfections, and it should be created and overseen by politicians who are prone to corruption and rent-seeking. They are often under the influence of powerful groups and lobbies who take advantage of some government measures, including those of industrial policy, to improve their economic position and profits.
According to that objections to industrial policy could be summarized as:

- Informational – it is impossible for governments to identify precise and certain companies, sectors or markets that are subject to market imperfections in order to intervene,
- Institutional – industrial policy can be seen as the invitation for corruption and rent-seeking activities (Rodrik, 2008, pp. 1-8)

Both of them could be identified in Serbia resulting in waste of the Serbian economic resources.

The intention in the future to make changes and formulate a good industrial policy, requires to overcome problems with institutional constraints in Serbia. Particular consideration should be given to the problem of corruptive behavior and rent-seeking activities that could be provoked by industrial policy, taking into account that such behavior exists for a long time in Serbia at different levels of state – all levels of administration, local and regional governments, public enterprises, state agencies, banks under the government support, etc (Prascevic, 2012b).

Such negative tendencies were just the result of non-transparent economic policies that followed the declarative principle of free-market economy, but in practice significant public funds were available to government in order to get involved in the economic sphere (not necessarily concerned industrial policy, for example: *National Investment Plan*). Such government interventions led to abuse of public inputs for the appropriation of different forms of rents by private agents or powerful people. They are not always connected with the private sector but also with public enterprises (rent-seeking activities of powerful insiders which are connected with Serbian politicians in power).

Almost always it was the case of collusion of politically powerful structures (political elite) with Serbian economic elite. Serbian policymakers quickly realized that support from powerful business circles in Serbia could be important for maintaining their political positions. It should be added that almost all Serbian governments used fiscal policy for political purposes - staying in power. So the Serbian fiscal policy has been conducted in accordance with opportunistic and partisan motives of the Serbian policymakers (Prascevic, 2014, 2015).

In performing such political misuse some of the industrial policy instruments have been used in order to boost employment, encourage foreign investments or reduce regional imbalances in economic development, etc. The political abuse of economic policy in Serbia was particularly sharp in the pre-election periods bringing negative consequences for economic and political development of the

country (Prascevic, 2015). Such actions led to reduced efficiency of resource allocation and to reduction of social welfare in favor of increasing individual well-being of the powerful insiders. At the same time enterpreneurs and businessmen in Serbia have spent their capacities asking politicians for favours and help, instead of expanding markets and reducing their costs. But the most harmful effect was a reduction in the credibility of the Serbian economic policymakers and officials which have long-term negative effects on success of future industrial policy in Serbia, since the business community could expect that the previous practice will continue. It could be the most important obstacle for the government actions - how to restore confidence in the Serbian government and other officials?

Thus, the legitimate goals of industrial policy are encouraging development of certain economic sectors that could stimulate economic growth and reduce regional disparities in economic development. In Serbia these goals have been politically highlighted. Therefore, long-term positive effects on increasing economic growth and living standards of the population failed. It was particularly true for spillover effects of the industrial policy on the entire economy. Following mistakes in the field of politico-institutional features could be identified in the industrial policy conducting in Serbia:

1. traditional approach which did not take in consider the integral industrial policy in modern way (not only manufacturing), so results in terms of changes in the economic structure failed (funds which were used for industrial policy could be seen as costs rather than as an investment in future growth),
2. traditional approach which implied incentives for companies whose business performances were not approved to be well (including problems in privatization and restructuring of large-scale industrial giants primarily because of significant number of employees),
3. focusing on particular companies rather than on a broader sectors (encourages rent-seeking activities and deform competition), providing support to transfer rents to politically connected entities (companies),
4. the lack of transparency in the choice of instruments and areas of industrial policy: unclear criteria for selection sectors and companies (encourages rent-seeking activities, does not lead to the necessary increase in the competitiveness of the national economy, nor technological progress and R&D investment),
5. insufficient transparency and control over the expenditures which were allocated for some forms of industrial policy (encouraging investments, employment, development of SMEs, regional development) resulted in criminal activities and affairs (bankruptcies of commercial banks which were controlled by the government, compromising affairs within the Fund for Development of Serbia, NALED or individual projects of various ministries in Serbian government),
6. incentives for foreign investors, which placed local businessmen and entrepreneurs in inadequate position (reduces the confidence and satisfaction of domestic businessmen in economic policy and Serbian government),
7. lack of proper dialogue between the state and business that would involve a mutual exchange of information and interests, (regular dialogue between businesses associations and Serbian government didn't start in order to identify investment opportunities and obstacles which are to be overcome by the state intervention),
8. a large number of government bodies and agencies separately dealing with some segments of the industrial policy through different forms of support and encouragement to the economic activity and investments (without coordination between the government agencies),
9. lack of control mechanisms for the applied tools that could help to make strategic conclusions regarding the future use of measures (selection of other sectors and instruments) - periodically evaluating the outcomes and learning from the mistakes being made in the process in past,
10. uncertain goals of the wider society, which are to be realized using the instruments of industrial policy (reduces public confidence in the industrial, and general economic policy – encouraging the public perception that the industrial policy misused public resources for private purposes)
11. lack of consistency of the industrial policy instruments with other aspects of government policy - educational, environmental, technological and regional policies.

Political changes that occurred after the parliamentary elections and formation of the new Serbian government in the spring of 2012 imposed to the new government the issues which are indirectly related to economic developments - corruption and crime. In mandate of the Serbian government (2012-2014) important ministries of economy and finance were took over by the non-partisan officials in attempt to "borrow" the credibility for economic policy and public finances from the persons who are not involved in the Serbian political life. All of this was part of a verbal commitment of the Serbian policymakers to get rid of criminal and corruptive activities. The Serbian Prime Minister has been often connected with fighting corruption; including reputation for taking down corrupt individuals (since he was the government's "coordinator for the fight against corruption"). But for solving the problem of corruption in the long run sustainable and systematic approach is needed.

Starting from the equation of budgetary constraints by passing the economic policy to independent and competent persons it was supposed to ensure the increase in perception of the government's competence among voters (additional savings should be made without reducing direct government expenditures). The struggle against all forms of corruption and new legislation on public procurement was supposed to reduce the value of various rents that had been appropriated in the past. Such improvements in economic policymaking and business-state relations supposed to help the industrial policy in Serbia, too.

According to the corruption perception index (CPI) for Serbia (*Transparency International*) we can conclude that there was a slight drop in the index of perception of corruption in Serbia in 2015 (figure 3). With a score of 40, in 2015 Serbia occupies 71 place among 168 countries and territories (in 2014 with a score of 41 Serbia was in 78th place, but then the number of countries on the list was greater - 175). Serbia is still among the countries with spread corruption, as it was in the previous 15 years. The greatest progress was recorded in 2013, when the index has risen to 39. Obviously it was not the beginning of a positive trend, but rather the result of perception based on promises and expectations from the new Serbian government. However, systemic measures to prevent corruption have not been implemented, or it was done with delays and to a lesser extent than required.

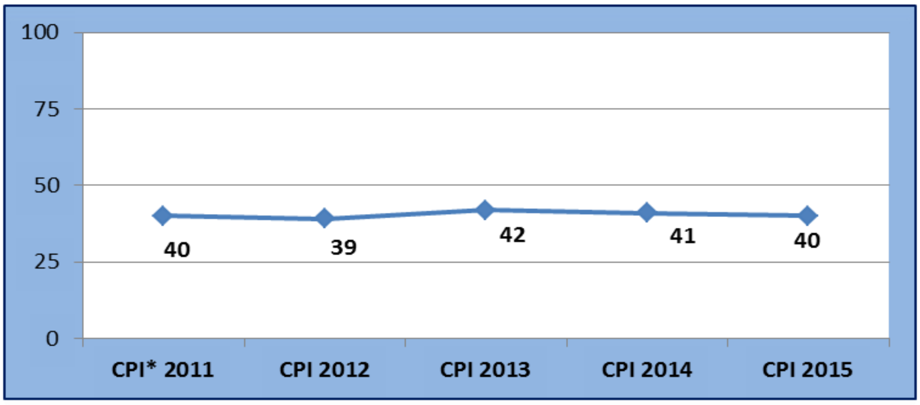


Figure 3: CPI for Serbia (2011-2015)

Source: www.transparentnost.org.rs

According to the report of the Transparency Internataional, it could be concluded that inadequate influence of political parties is a major concern in the report. The research shows that much of the public sector is under the control of political operatives. According to public opinion poll in 2013,

more than 70% of Serbians surveyed said that corruption is a "very serious" problem in the public sector.

5. Institutional Improvement for the «New Industrial Policy» in Serbia

Mistakes which were made so far in the implementation of industrial policy in Serbia are partly result of ignorance and incompetence of the Serbian economic policymakers who did not understand modern trends in the application of industrial policy and partly they are result of conscious abuse for private gain. These mistakes require taking specific measures which will be not only in the economic sphere, and which takes time for implementation (activities are not focused on the short term). In the meantime, the necessity for so-called reindustrialization and active industrial policy of the state require urgent intervention of the state which may in conditions of inadequate institutional arrangements compromise the intentions of the state and cause bad consequences for economic growth and social well-being of the country. Such unfavorable trends connecting with industrial policy in Serbia could be found so many times in the past. It is therefore of particular importance for conducting industrial policy in Serbia in a modern way – as broad and inclusive approach of the "new industrial policy", to take into account all the principles that such policy needs to gather, of course, taking into account specifics of the Serbian economy and institutions.

The industrial policy is applied to a positive impact on economic growth and therefore can not be considered as an alternative to the implementation of economic policy measures to achieve macroeconomic stability. On the contrary, industrial policy should provide firm sources of economic growth that will result in the macroeconomic stability, but also it will help realization of the so-called "beyond GDP -goals". Therefore, the budget sources for the implementation of the policy should not be seen solely as a cost but as an investment that will provide future tax revenues. If maintaining macroeconomic stability (price stability) is the goal of the monetary and fiscal policies that could be seen as a short-term aim, then the instruments of industrial policy, could be seen to contribute to boost economic growth in long-term.

The poor state of public finances in Serbia has imposed the fiscal stabilization, which is being based on both the revenue and expenditure side. In an attempt to reduce budget deficits the funds for the industrial policy implementation were put into a question. In the previous period in Serbia, the use of industrial policy imposed problems of transparency and accountability, especially because the policy was fragmented within the government (it is related to various ministries and development banks and public funds). This made it difficult to follow details and efficiency of funds referred to instruments of industrial policy, preventing responsibility for taken actions and funds. The ad hoc approach that has often appeared in the implementation of industrial policy in Serbia affected the public perception (and businesses and entrepreneurs) as an opportunistic motivated policy that does not contribute to macroeconomic stability.

Measures of sharp fiscal consolidation were taken in Serbia from 2015, besides the government commitment of taking active measures of industrial policy and further structural reforms. This approach could be considered reasonable and desirable for the achievement of long-term macroeconomic stability and economic growth only if it was accompanied by a corresponding change in the way of spending these funds, as well as control of the spending. However, a necessary institutional improvement that is beyond the scope of creating economic policy is needed to achieve these goals.

Although the industrial policy is predominantly focused on national policy it has to be created with the broader global context. The Serbia industrial policy, which would be designed and implemented, should take into account the industrial policy of the EU, due to Serbian intentions of joining the EU and the fact that the most important foreign trade partners of Serbia are EU economies.

Since the institutional factors proved to be decisive limiting factor for the successful design and implementation of industrial policy in Serbia it is necessary that "new industrial policy" should be based on improved institutional framework. Institutional improvement should be directed to minimize two key limitations of this policy - the lack of information and competence of those who make decisions about the policy (policymakers and bureaucrats) together with minimizing the possibility of corruption and rent-seeking activities. Therefore, improvement of institutional relations is related both on the economic institutions important for solving information and coordination failures, and political which should improve the manner in which economic and political power is shared in the Serbian society.

The first issues – competence and information could be partly overcome by changing the perspective of Serbian industrial policy. It should not be taken as top-down design of policy which would include informational asymmetry due to principal-agent problem. Instead, the industrial policy should be seen as the process of discovery (Rodrik, 2008, p. 28). The stanadard principal-agent model takes some very debateble assumptions concerning government well-defined objective function, information availability and policymakers competence. Instead of such assumptions in reality the government does not act in such manner. In particular, such problems exist in countries with underdeveloped markets and institutions, such as Serbia. Therefore the industrial policy in Serbia has to be made as result of multidinesional dialog between business and government taking into account broad goals of the Serbian society.

Serbian government could act autonomously just partly since the industrial policy has to rely on collaboration between government and private sector («embeddedness» of the policy). The government has to continiously improve it‛s information and knowledge about existing market failures and spillovers. It is possible only through the strategic collaboration and coordination between the private sector and government (Rodrik, 2008, p. 27). Such collaboration would improve information and knowledge of the Serbian government and their decissions of which acctivities to support and what instruments to use (action types). Therefor it is very important to improve state-business relations (SBR) – manifested in both formal and informal institutional arrangements in Serbia, These relations have to rely on the mutual confidence of both sides.

The state-business relations improvement in Serbia has to be made in accordance with important theoretical and empirical conlcusions, such as:

1. SBR is a crucial factor for efficient skill development, capital formation and for putting together efficiently factors of productions;
2. SBR could improve efficient allocation of scarce resources, industrial policy conducting and wealth creation;
3. Although the SBR are not always observable there are possibilities for measuring efficiency of the SBR (both formal and informal);
4. The risk of failure of the industrial policy is higher in the presence of weak SBR (when strategic decisions are taken without sufficient involment of the business comunity);
5. SBR requires appropriate policy framework consistent with comparative advatages of the economy – to encourage industrial development, technological upgrading and minimize incentives for rent-seeking activities;
6. SBR have to be based on a set of competition principles in order to improve allocative efficiency of government spending,
7. Harmfull SBR can be transformed into better one;
8. SBRs require building capacity in order to avoid corruption and maximise inclusiveness (Willem te Velde, 2010).

In spite of the above principles that should be guided by the Serbian government in the economic advancement of state-business relations, the questions of competence and motives of the Serbian policymakers still remain opened.

Another limiting factor – corruption and rent-seeking activities of the investors and Serbian bureaucrats are even more problematic for overcoming. Such activities are understandable behaviour due to the fact that industrial policy leads to strong interfere of the Serbian polticians in the relative profitability of economic agents. Industrial policy includes selective interventions that favour some sectors (and firms) over others, and interfere with the price mechanism. Thus, businessmen tend to gain government support and therefore make cartels of protected business insiders, contributing in social ineffective resource alocation, poor market discipline, and reduced competitiveness of national economy. They tend to live the "easy life of the monopolist". That is why state-business relations in Serbia have been of a corruptional nature, for a long time.

Successful industrial policy in Serbia in the future has to rely on incentives, but also on discipline, both for business and for the governement. Discipline includes measures in monitoring and evaluating of industrial policy measures, in order to give up from the projects and investments that failed. The Serbian government has to be able to let the economic actors – losers to fail (many supported enterpreneurs will necessarily fail). There is a certain failure rate which is an argument against the industrial policy. Problem occurs when the officials («bureaucrats») consciously take activities to get privileges in form of various "rents" and take advantage from their position. That is why discipline has to refer to Serbian politicians and bureaucrats, also. They have to be responsible (not only politically) for implemented instruments of industrial policy.

The policy should fulfill request of accountability which includes answers to following questions: how decisions in domain of the industrial policy are made, which social goals will be achieved by implemented measures, who will gain possible benefits from the measures (apart from Serbian economy and Serbian society), who is responsible if things are going wrong, which deviations from planned targets of the industrial policy occur, why did deviations from the targets occur? As a key tool for accountability the Serbian industrial policy should be transparent and all information concerning the policy, including conducting and changing the instruments, should be publicly available.

Taking into account that industrial policy could cause large privileges for important, powerful and politically connected firms and enterpreneurs, which was the case in Serbia, it should be the object of very careffully devised regulation. Such regulation and institutional arragements could be compared with those of other indepedent regulatory bodies oppertation, for example central bank. Very strict operating procedures for all parts in the chain of Serbian industrial policy decision-making and implementation should be imposed. Serbian government is responsible for taking first step in that direction, by making decision to stop further corruptive and rent seeking activities.

However, it is not enough just to have declarative orientation in favor of the new approach of the government functioning, including the new industrial policy, which is present since political changes in Serbia in 2012. A wider change in Serbian legislation and its implementation is necessary, as well as the insensitive fight against corruption, particularly at the highest levels of decision-making in the country. However, in many of its elements such strict procedures and their compliance (with no exceptions) can act as additional restrictions on industrial policy. Although it is true, at the same time such procedures will contribute to the return of confidence in the functioning of the Serbian government and the bureaucracy, in establishing fair and solid state-business relations in Serbia, as the basis for the economic development.

6. Conclusion

Industrial policy represents the area of state intervention in the economy, which lays exposed the most obvious reasons why intervention is necessary, but at the same time all the negative consequences that such an intervention products (corruption and rent-seeking activities). Today, after decades of calling into question the efficiency of industrial policies, prevailing thinking insists on its development capacity especially in slower post-crisis development in most economies. Therefore, today, we are talking about a "new industrial policy", which should be inclusive, universal and unique. It should be implemented as a single policy within the context of general social goals and not of the goals of individual companies (or sectors). All of these facts are particularly important for industrial policy of

Serbia which has been faced institutional problems of corruptions and rent-seeking activities of both businessmen and government officials, for a along time. These obstacles limit positive effects of the industrial policy. Recently, after the political changes in 2012, requirements for institutional and structural reforms have become very loud and strongly supported by the Serbian government.

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Greek Crisis and its Spillovers in South-Eastern Europe

Kyrkilis D. and Grujic N.

University of Macedonia, Egnatia 156, Thessaloniki, **kyrkilis@uom.gr**, **natasagrujicgr@gmail.com**

Abstract

In moments of recovery from recession of global financial turmoil, Balkan countries started to face a new risk. Greek debt crisis began in 2010 and is one of the deepest economic and financial crises in both the Greek and European Union history. It has already created spillover effects in the weak economies of the South Eastern Europe. This is mainly due to the strong economic integration between them, primarily as a result of intensive trade relations and high percentage of Greek direct investments to those countries. The purpose of this paper is to show how Romania, Serbia (and Montenegro), FYROM, Bulgaria and Albania are effected by the financial turbulence of Greece. The methodology of the paper is to conduct statistical analysis by using datasets on the series of macroeconomic fundamentals that were found to be severely hit by the crisis in much of the literature. The empirical research uses extensive annual data spanning from 1995 to 2014, in this manner covering a significant part of the transition period of Balkan countries, the boom cycle of all above mentioned economies, as well as the time of manifestation of the Greek debt crisis and its impact on South-Eastern Europe.

Keywords: Greek debt crisis, Balkan countries, Spillover effect

1. Introduction

After the period of communist regime, Balkan countries started to have continuous economic growth. In 2008, the financial turmoil that burst in the developed countries affected the less developed economies, including the Balkans as well. Yet, in 2011, certain level of stabilization has been achieved and macroeconomic indicators of Balkan countries showed satisfactory recovery. However, in 2011 Greek sovereign debt crisis erupted, making Greece a source of instability in Europe. Thus, the countries of Balkan Peninsula that were economically dependent from Greece and still vulnerable from the first crisis had been deeply affected by the negative spillovers of the second critical situation. This is mainly due to the significant trade and financial integration between them.

This paper will explore the impact of both crises on the Balkan countries, and how the new, unfavorable climate is affecting their economic progress. The analysis will be presented in 4 sections: the first part will present the role of Greece in the Balkans since the early 1990s. Part two will analyze the economic connections of Greece with Balkan economies since the moment Greece became a member of the Eurozone. Moreover, the third part will present the effects of the global economic crisis on the economies of the region, specifically on region's macroeconomic indicators, trade volume, foreign direct investments and financial sector. The fourth part will analyze the consequences of the Greek debt crisis that very quickly spilled over into the South- Eastern Europe and the EU as whole. Four transmission channels through which the Greek sovereign debt crisis affected the neighboring Balkans will be examined. In addition, the Granger causality test was used and the results will be submitted at the end of the section four. In the last section, the conclusions of the study will be given.

2. Greek Role in the Balkans since the early 1990s

In 1981, Greece was the only Balkan state that became a full member of the European Economic Community (today European Union). "It was the first time that Greece was accepted as an equal political and economic partner of the most powerful European states, while at the same time having its opinion taken seriously on issues affecting the general future of Europe" (Svolopoulos, 1999, pp. 26). A decade later, it was a country with dynamic economy, stable institutional frameworks and high social prosperity. Still, in the moments when the communist regime was collapsing and Balkan countries (BCs) were facing with social and political instability, Greece lost a unique opportunity to become a leader of development for them and the region as a whole, mainly because of policy mistakes that Greek government was making (Ioakimidis, 1999, pp. 172- 175).

On the other side, Greek- Balkan exchanges recorded a remarkable expansion during this period.

Table 1. Greek Trade with the Balkan Countries[74] and the EU, million €

	Greek Imports from		Greek Exports to		Trade Balance	
	Balkan Countries	EU	Balkan Countries	EU	Balkan Countries	EU
1989	349.4	9,141.2	217.0	4,485.7	-132.3	-4,655.5
1990	369.0	9,988.9	243.5	4,008.0	-125.5	-5,980.9
1991	392.3	10,490.3	278.2	4,454.0	-114.1	-6,036.3
1992	256.1	11,646.3	313.0	4,977.2	56.9	-6,669.1
1993	277.3	11,282.1	591.4	4,029.7	314.2	-7,252.4
1994	371.3	11,636.6	631.2	4,286.4	259.6	-7,368.2

Source: Wallden, 1999, pp. 86, Foreign Trade of Greece, ELSTAT

As it can be seen from Table 1, Greek trade with the BCs was expanding. On the other side, Greek exports to the EU partners did not mark any remarkable growth. By contrast, import- penetration by the EU economies to Greece became more intense. On top of that, Greek economy was facing with competitiveness losses in the sectors where traditionally it had comparative advantages (Arghyrou, et. al, 2003, pp.763- 767).

Despite the political instability, Balkans was a region with great potentials and that was recognized by the Greek small and medium- sized companies. Even though the initial investments were low and companies were following the short- term strategy, they still were able to earn valuable knowledge and information for their future investments (Maditinos, et. al, 2011, pp. 209- 211). Thus, Greek outward direct investments towards the Balkans during this period marked a meaningful dynamism (Wallden, 1999, pp. 71- 121).

[74] Balkan Countries: Bulgaria, Albania, Romania, Former Yugoslavia, FYROM

In 1995, Greek foreign policy regarding the Balkans changed its direction toward establishing cooperation with the countries they were in conflict with (Constas, et. al, 1999, pp. 232- 237). In addition, Greece government was also encouraging the gradual integration of BCs into the European Union and NATO. Thus, Greek government was initiating a meeting of all the foreign affair ministers of South-Eastern Europe countries that took place in Sofia, in 1996. The second gathering was held in Thessaloniki one year after and it confirmed the leading role of Greece in the region.

Along with the normalization of Greece's Balkan relations, Greek economic policy in that region had progressed. Total Greek trade with the Balkan countries was increasing from 1.26€ billion in 1995 to 1.51€ in 1996, 1.84€ in 1997, 1.82€ in 1998, 2.0€ in 1999 to 2.75€ in 2000 (ELSTAT Official Website). In that period, the Balkans was one of the few areas in the world with which Greece was recording positive trade balance (Wallden, 1999, pp. 102).

Additionally, during this period, a lot of Greek banks established their subsidiaries in Balkan states, especially in Bulgaria and Romania. This was a motivation for the large Greek companies, because they knew they could benefit from the necessary financial back up. However, this time Greek companies were doing market research, making long- term strategy. Moreover, privatization was in full speed in Balkan region, so Greek companies developed a lot of joint ventures with the firms from BCs.

3. Greece as a Member of the Eurozone

On 1 January 2001, Greece became a member of the Eurozone. Nevertheless, it stayed relatively closed economy. According to data presented in the Table 2, accepting euro failed to improve the export performance of the country. Based on the exports and imports as a percentage of GDP, Greek trade openness was decreasing during the period 2000- 2006 and marked just a slight growth in 2007.

Table 2. Greek imports and exports as a % of GDP

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Import	34.7	33.4	30.2	29.7	29.2	29.6	31.7	35.0
Export	23.7	22.8	20.1	18.6	20.7	21.3	21.2	22.5

Source: Authors' elaboration based on Bank of Greece data

A reason behind this was an uneven development in exports and imports, mainly because of the low level of competitiveness. In addition, data is showing that export growth was consistently lower than that of imports. Thus, the difference between these two rates indicates the continuing trade deficit of Greece.

The top destinations for the Greek products were the Eurozone countries in the EU. In 2000, Greek exports to the EU countries was 62%, it was growing during the years and reached 64% in 2007. The share of the EU member states in the Greek imports decreased from 64.9% in 2000 to 56.1% in 2007 (Magoulios et. al, 2013, pp. 195).

Trade balance between Greece and six Balkan countries remained positive through the period 2000-2007.

Table 3. Greek imports/ exports to the Balkans as a % of total Greek imports/ exports

	2000	**2002**	**2004**	**2007**
Import	2.0	1.7	2.2	2.5
Export	5.3	5.4	5.1	5.9

Source: Authors' elaboration based on ELSTAT data

The BCs were, to a great extent, a dynamic export market for Greek products. Greek companies were mostly unprofitable and their goods were mainly noncompetitive at the EU market, thus they saw the Balkans as an easy outlet. Nevertheless, although trade relations between Greece and the Balkan countries were increasing, the trade volume was low.

The most important BCs for Greek imports and exports were Bulgaria and Romania during the observing period. Greek imports from Bulgaria and Romania increased from 426.90€ and 411.47€ million in 2000 to 940.14€ and 759.62€ million in 2007 respectively. Greek exports to Bulgaria and Romania marked a significant growth from 452.06€ and 411.47€ million in 2000 to 1,163.57€ and 759.62€ million in 2007, respectively (ELSTAT Official Website).

In addition, Greece was the most important trading partner for Albania and FYROM. As far as Greek exports were concerned, the situation was slight different. FYROM's and Bulgaria's GDPs were the most dependent from imports from Greece compared with the other examined Balkan countries.

Table 4. Greek imports/ exports to the Balkan countries as a % of their GDP

	Greek imports as % of GDP per country of origin					Greek exports as % of GDP per country of destination				
	Albania	Bulgaria	Romania	Serbia	FYROM	Albania	Bulgaria	Romania	Serbia	FYROM
2000	1.15	3.04	0.80	1.13	1.18	6.48	3.22	1.01	1.72	12.29
2001	1.08	3.13	0.84	0.68	2.19	8.34	4.18	0.88	1.35	11.18
2002	0.22	1.78	0.70	0.69	1.30	7.01	3.64	0.63	1.05	8.08
2003	0.34	2.02	0.75	0.49	2.15	6.11	3.98	0.58	1.05	7.09
2004	0.29	2.28	0.83	0.70	2.67	5.32	3.82	0.63	1.09	6.77
2005	0.30	2.53	0.54	0.35	3.78	5.29	3.51	0.53	0.53	6.48
2006	0.46	2.93	0.52	0.73	4.24	5.24	3.97	0.61	0.94	6.86
2007	0.82	3.06	0.44	0.61	7.68	6.14	3.78	0.61	0.98	10.14

Source: Authors' elaboration based on ELSTAT data

Since 2000, the Balkan countries started the deeper process of Europeanization. It means that they continued with the process of stabilization of social, political and economic environment. As a result, the region became even more attractive for FDI. Over the 2000- 2008 period, Greece became a top investor in the region. The country was the number one investor in Albania and FYROM and among the first three leading investors in Serbia and Bulgaria. Greek FDI stock in Balkans increased from 1,690.00€ million in 2001 to 2,605.80€ million in 2007.

Table 5. Greek FDI stock in the Balkans, million €

	Albania	**Bulgaria**	**Romania**	**Serbia (with Montenegro)**	**FYROM**	**TOTAL**
2001	108.2	554.7	662.9	203.5	160.7	1,690.0
2002	142.6	445.3	771.8	254.6	202.3	1,816.6
2003	208.3	493.5	1,130.5	338.7	273.1	2,444.1
2004	175.0	568.7	1,158.3	377.2	371.5	2,650.7
2005	284.5	721.5	2,002.8	659.2	272.7	3,940.7
2006	389.6	924.7	2,452.5	1,335.5	367.0	5,466.3
2007	441.4	1,155.0	3,940.6	1,645.7	423.1	7,605.8

Source: Bank of Greece

More than 4000 Greek companies established their enterprises in the Balkan region, mostly in the sector of trade, service and manufacturing (Panagiotou and Valvis, 2014, pp. 98- 102). They were taking part in the mass process of privatization that was happening in all Balkan countries. In that way they could use already developed distribution networks and existing infrastructure. Additionally, Greek FDIs were highly located in the financial sector. Several major Greek banks led by the National Bank of Greece, Alpha Bank, Piraeus Bank and EFG Bank, managed to recover the financial system of BCs, improving its stability and increasing investments and consumption of host population. Therefore, Greek banks had a significant market share in the financial sector of the Balkans; around 30% in Bulgaria and FYROM, 25% in Albania, 15% in Serbia and 17% in Romania (Panagiotou and Valvis, 2014, pp. 98- 102).

According to GDP annual growth, together with the South- Eastern Europe economies, Greece performed a strong economic growth.

Table 6. GDP growth (annual, %) of Balkan countries

	Greece	Albania	Bulgaria	Romania	Serbia	Montenegro	FYROM
2000	4.2	6.7	5.0	2.4	7.8	3.1	4.5
2001	3.8	7.9	4.2	5.6	5.0	1.1	-3.1
2002	3.9	4.2	6.0	5.2	7.1	1.9	1.5
2003	5.8	5.8	5.1	5.5	4.4	2.5	2.2
2004	5.1	5.7	6.6	8.4	9.0	4.4	4.7
2005	0.6	5.7	7.2	4.2	5.5	4.2	4.7
2006	5.7	5.4	6.8	8.1	4.9	8.6	5.1
2007	3.3	5.9	7.7	6.9	5.9	10.7	6.5
2000-2007	4.1	5.9	6.1	5.8	6.3	4.6	4.2

Source: World Bank

Greek annual growth rate was one of the lowest among the Balkan economies. Still, it was one of the highest in the euro area. Notwithstanding, this growth of Greece was fast, but unsustainable, pursued under weakening systemic growth forces (Balcerowicz, et. al, 2013, pp. 18). Greek government was borrowing money at low interest costs, because its credibility rose significantly after the country joined the Eurozone. With borrowed money, the state was financing fiscal expansion, thus the budget deficit as a percentage of GDP was 6% in 2000, 8.8% in 2004 and 6.7% in 2007 (EUROSTAT Official Website). The average annual deficit of the general government was 6.4% of GDP in the 2000-2007 period. Very low competitiveness of the Greek products resulted in chronic weakness of Greek economy where imports of the country were more than its exports. Hence, the country trade balance was -7.7% of GDP in 2000 and reached -14.6% in 2007. Additionally, Greek inflation rate was modest between 2000 and 2007, but still relatively higher compared to the EU criteria.

4. Greece and the Balkans since 2008

Since 2008, the Balkans was hit by two crises. The first one was during the period 2008- 2011, when the region was exposed to the impact of the global economic crisis. Yet, in 2011, certain level of stabilization has been achieved and macroeconomic indicators of Balkan countries showed satisfactory recovery. However, Greek sovereign debt crisis burst, making Greece a source of instability in Europe. Thus, BCs that were economically dependent from Greece and still vulnerable from the first crisis, had been deeply affected by the negative spillover of the second critical situation.

In 2009, a reduction of GDP was marked in all Balkan countries as a consequence of the global financial crisis. All economies had negative economic growth, except Albania. A reason for this lies in "the low volume of Albanian exports and its comparatively low level of integration into the international economy" (Panagiotou, 2012, pp. 2).

Table 7. GDP growth (annual, %) of Balkan countries

	Greece	Albania	Bulgaria	Romania	Serbia	Montenegro	FYROM
2008	-0.3	7.5	5.6	8.5	5.4	6.9	5.5
2009	-4.3	3.4	-4.2	-7.1	-3.1	-5.7	-0.4
2010	-5.5	3.7	0.1	-0.8	0.6	2.5	3.4
2011	-9.1	2.6	1.6	1.1	1.4	3.2	2.3

Source: World Bank

The worst hit countries were Greece, Bulgaria and Romania, which were also the most developed one in the region. In 2010/2011, the best performing countries were Albania and FYROM, while the other economies continued to stagnate.

The demand of EU countries for Balkan products fell due to global recession. Thus, a huge decline in capital flows led to reduction in current account deficit for the BCs. Hence, Greek current account balance (as a % of GDP) improved from -14.5% in 2008 to -9.9% in 2009, Albanian from -15.7% to -12.9%, Bulgarian from -21.7% to 0.2%, Romanian from -11.4% to -4.5%, Serbian from -21.1% to -8.3%, Montenegrin from -49.9% to -17.4% and FYROM's from -12.5% to -2.5%.

For more than a decade, Greece enjoyed a trade surplus with the BCs. However, the spill- over effect of the crisis in Greek economy could not be avoided. Thus, the biggest decline in Greek imports (from 87,039.00€ million in 2008 to 68,319.00€ million in 2009) and Greek exports (from 56,533.00€ million in 2008 to 45,089.00€ million in 2009) appeared in 2009. In addition, taking 2008 as a reference year of the global financial crisis, Greek imports and exports from and to the Balkan countries, as well as in the EU and globally, decreased in 2009. Exports of Greece to the Balkan region marked a recovery in 2010 and 2011, but still the value of exports in 2011 did not reach the level of 2008. As far as Greek imports from the BCs are concerned, in 2009 it had a small decline, but still its value was higher than in 2007.

Table 8. Import of Greece from the Balkan countries and the EU, million €

	2008	2009	2010	2011
Albania	90.54	72.69	97.23	76.90
Bulgaria	1,277.84	962.32	1,089.09	1,217.48
Romania	548.16	469.48	486.11	505.97
Serbia (with Montengro)	216.85	140.54	214.74	236.89
FYROM	355.86	213.07	196.47	167.61
TOTAL	2,489.25	1,858.10	2,083.64	2,204.85
WBCs % Total	2.86%	2.72%	3.00%	3.30%
EU	33,910.00	28,100.00	24,230.00	22,320.00

Source: ELSTAT

Table 9. Export of Greece to the Balkan countries and the EU, million €

	2008	2009	2010	2011
Albania	547.43	514.80	458.02	426.30
Bulgaria	1,369.99	1,022.71	1,082.20	1,280.33
Romania	835.97	590.66	614.61	628.96
Serbia (with Montengro)	403.23	248.39	297.66	380.45
FYROM	456.25	407.07	391.29	565.61
TOTAL	3,612.87	2,783.63	2,843.78	3,281.65
WBCs % Total	6.40%	6.17%	5.70%	6.21%
EU	10,720.00	8,870.00	9,610.00	10,600.00

Source: ELSTAT

The trade balance between Greece and the Balkan economies was in surplus through the period 2008-2011, except from Bulgaria for the year 2010. The decrease of the trade balance has been noted, from 1,123.62€ million in 2008 to 928.53€ million in 2009 and 760.14€ million in 2010. However, in 2011, it started to increase and reached 1,076.80 € million.

Moreover, during the observing period there were not any other factors (quotas, subsidies, quality standards, administrative procedures etc.) that would affect trade between Greece and the Balkan region. Hence, a decrease in trade volume was a direct consequence of the crisis that very hard hit the Greek economy

Table 10. Greek imports/ exports to the BCs as a % of import/ export of BCs

	Greek imports as % of exports per country of origin					Greek exports as % of imports per country of destination				
	Albania	Bulgaria	Romania	Serbia	FYROM	Albania	Bulgaria	Romania	Serbia	FYROM
2007	7.35	5.53	1.39	3.06	12.06	16.51	5.04	1.51	2.27	10.25
2008	6.37	6.54	1.46	2.91	13.11	16.77	5.03	1.43	2.47	9.74
2009	2.86	6.10	1.45	2.34	10.93	15.26	5.42	1.42	2.18	11.15
2010	7.56	5.37	1.26	2.92	7.80	13.85	5.08	1.19	2.40	9.51
2011	5.19	4.77	1.11	2.80	5.20	11.57	5.10	1.01	2.66	11.20

Source: Authors' elaboration based on ELSTAT data

As it can be seen from Table 10, all Balkan countries had reduction of their exports to Greece. The biggest lose of more than 50 % had FYROM. On the other side, Greek exports to Serbia, Bulgaria and

FYROM had growth during the period 2007- 2011, while in Romania and Albania it marked a modest decline. Paying attention just on the years 2009 and 2010, Greek imports and exports from and to all BCs had downturn. That is why a part of the budget of those countries that depends on their exports and imports to and from Greece dropped and could not recover until 2011.

Table 11. Greek imports/ exports to the BCs as % of their GDP

	Greek imports as % of GDP per country of origin					**Greek exports as % of GDP per country of destination**				
	Albania	Bulgaria	Romania	Serbia	FYROM	Albania	Bulgaria	Romania	Serbia	FYROM
2007	0.82	3.06	0.44	0.61	7.68	6.14	3.78	0.61	0.98	10.14
2008	1.03	3.61	0.39	0.59	5.28	6.25	3.87	0.60	1.10	6.77
2009	0.84	2.76	0.40	0.42	3.15	5.94	2.93	0.50	0.74	6.02
2010	1.08	3.02	0.39	0.66	2.78	5.11	3.00	0.50	0.91	5.53
2011	0.83	3.16	0.38	0.58	2.22	4.60	3.29	0.48	0.93	7.49

Source: Authors' elaboration based on ELSTAT data

From the point of view of the Balkan countries, Greece was one of the most important sources of FDI during the whole previous decade. In 2007, the total Greek FDI stock in the Balkans was 7,287.80€ million, reached its peak of 8,821.00€ million in 2008. The next year a total volume of Greek stock towards the Balkan region marked 7,738.90€ million. The biggest drop of Greek stock was in Albania, where in 2008 it was 24.96% of total FDI and reached just 12.71% in 2011. In all the other Balkan economies a fall was recorded, except for Bulgaria where it had an increase of almost 2%.

Table 12. Greek stock as a % of total stock of each Balkan country

	Greek stock as a % of total stocks in Albania	**Greek stock as a % of total stocks in Bulgaria**	**Greek stock as a % of total stocks in Romania**	**Greek stock as a % of total stocks in Serbia (and Montenegro)**	**Greek stock as a % of total stocks in FYROM**
2008	24.96	4.51	7.39	12.26	15.33
2009	14.94	4.25	6.66	11.35	11.25
2010	16.83	5.92	7.41	9.70	11.76
2011	12.71	5.94	6.23	7.94	11.06

Source: Authors' elaboration based on ELSTAT data

The majority of the Greek direct investments was located in the services industry and related to the final stage of the production chain of mature products. Additionally, Greek MNCs diversified their expansion into all Balkans economies. All this helped minimize the negative effect of the global crisis.

Greek presence into the banking sector of Balkan countries was considerable. However, as it was mentioned earlier, the global crisis did not leave the Greek financing sector untouched. Thus, Greek banks started to "retrench and focus on home markets, thereby curtailing and/or putting on hold their business expansion plans in the region" (Bastian, 2009, pp. 4). This means that Greek financial institutions were decreasing their investments and cutting their loan portfolios in the BCs. As a consequence, more than 8000 Greek companies located in the neighboring countries stayed without financial service they were expecting from the Greek banks. Hence, Greek FDI outflows towards the Balkan economies marked a significant drop in 2010 and 2011.

Table 13. Greek FDI outflows and inflows towards the Balkan economies, million €

	Greek FDI outflows to the country of destination					**Greek FDI inflows from the country of origin**				
	Albania	Bulgaria	Romania	Serbia	FYROM	Albania	Bulgaria	Romania	Serbia	FYROM
2010	55.58	68.93	-30.17	24.71	8.50	0.34	2.13	6.80	0.30	0.04
2011	22.35	-10.52	-249.3	-14.77	19.34	8.73	8.25	12.93	0.60	0

Source: Bank of Greece

The global financial crisis weakened the public finance of Greece. Thus, Greek public debt reached 129.7% of GDP in 2009 (European Commission). The same year the new Greek government led by Papandreou came to power and corrected the estimated budget deficit for that year from 6.7% to 12.7% of GDP (Ozturk, 2015, pp. 32). Greece's 2009 budget deficit was officially 15.7% of GDP (European Commission). The IMF and the Eurozone sent financial assistance to Greece in 2010 and 2011. However, the numbers were showing that the Greek economy was hit more severely than expected. The EU realized that they were facing with the Greek sovereign crisis which can be a trigger for instability and insecurity in the EU, but also in the Balkan region. As it was stated in the EBRD Transition Report "the main short-term challenge is to survive possible contagion effects from economic weaknesses in the Eurozone, especially in neighbouring Greece" (EBRD Transition Report 2010, pp. 98). The Greek crisis slowed down the economies of the Balkans resulting in a drop of imports from Greece and a decline in return of Greek investments. There are a few transmission channels through which the Greek sovereign debt crisis spillovers to the neighboring Balkans (Backe and Gardo, 2012, pp. 31-48). Those are trade, FDI flows and banking sector.

Greek export to Balkan countries had decreased during the period 2011- 2015, except for Romania. However, in 2015 Greek trade with Romania marked a negative trade balance for the first time during the last decade. In addition, Greek trade balance with Bulgaria was in deficit for three consecutive years, reaching its peak of -145.83€ million in 2015.

Table 14. Greek Trade with the Balkan countries, € million

	Greek imports from					**Greek exports to**				
	Albania	Bulgaria	Romania	Serbia	FYROM	Albania	Bulgaria	Romania	Serbia	FYROM
2012	82.10	1,372.38	493.27	179.19	170.35	414.83	1,561.53	590.70	399.00	827.36
2013	64.58	1,453.91	526.95	232.55	153.78	343.35	1,446.64	617.96	359.14	744.83
2014	89.97	1,522.34	625.62	194.49	195.84	411.50	1,413.88	653.33	361.11	707.21
2015	99.70	1,486.55	729.46	168.74	228.92	348.37	1,340.72	722.78	327.53	585.02

Source: ELSTAT

Viewed on a regional level, the Greek trade balance with the BCs decreased from 968.89€ million in 2011 to 611.08€ million in 2015. However, country by country analysis shows that the Greek imports as a percentage of Balkan countries' GDP were growing during the observing period. More precisely, Greek imports from the Balkan region was 2,297.29€ million in 2012 and achieved 2,713.37€ million in 2015. A case by case examination illustrate that the Greek imports reached its highest value in Romania, FYROM, Bulgaria and Albania in the previous year. On the contrary, the Greek exports as a percentage of the BCs' GDP marked a drop in all the countries and the highest fall was in FYROM (from10.9% in 2012 to 8.31% in 2014). In total, Greek exports decreased from 3,793.42€ million in 2012 to 3,324.12€ million in 2015. The biggest reduction of Greek exports was with Serbia, Albania and Bulgaria.

The second transmission channel of contagion is through FDI. A significant decrease in Greek FDI was evident even before the full impact of the Greek crisis, which is presented in the Table 12. Overall, Greek FDI outflow to the all Balkan countries has decreased considerably during the Greek crisis, but remaining positive in net terms just in Albania and FYROM.

Table 15. Greek FDI outflows to the Balkans, € million

	Albania	**Bulgaria**	**Romania**	**Serbia (with Montenegro)**	**FYROM**
2012	21.83	-3.54	-241.18	-16.29	26.35
2013	16.22	-46.43	-52.69	-1.06	30.25
2014	11.69	-64.85	-36.42	-20.01	33.69
2015	6.69	-48.85	-71.91	-22.51	34.38

Source: Bank of Greece

In total, Greek FDI outflow towards the BCs was -553.52€ million, because there were a significant disinvestments (Greek companies were selling their assets that were located in the neighboring countries). Greek inflow from the Balkan region was 928.99€ million. Thus, Greece that was one of the largest foreign investors in the region has become less significant during the previous years. The

stock of FDI from Greece decreased from 7.94% in 2011 to 4.42% in 2014 in Serbia, from 6.23% to 5.29% in Romania, from 11.06% to 7.25% in FYROM and from 5.94% to 4.43% in Bulgaria. The only countries where the percentage of FDI stocks from Greece marked an increase was Albania and Romania, where that number rose from 12.71% and 4.78% in 2011 to 26.47% and 5.29% in 2014, respectively.

Table 16. Greek stock in the Balkans, € million

	Albania	Bulgaria	Romania	Serbia (with Montenegro)	FYROM
2012	511.80	1,914.90	2,847.50	1,497.40	311.70
2013	589.00	1,717.30	2,325.80	1,264.00	269.90
2014	888.90	1,550.8	2,973.50	1,268.10	280.10

Source: Bank of Greece

Possibly the most critical transmission channel is through the Greek bank subsidiaries operating in the Balkans. As an agreement between the Greek Ministry of Finance, the Bank of Greece and the managers of the other Greek banks, the bailout package of 28€ billion that Greece received in 2009 would be used to support parent banks and lending at home, not at their branches in the neighboring countries (Panagiotou, 2012, pp. 10). Consequently, as the Greek debt crisis was spreading and Greek parent banks were facing with the liquidity pressure, they started to withdraw money from their operations in the Balkans. Therefore, Greek banking sector decline to 23% in Bulgaria, 22% in FYROM, 12% in Romania, 16% in Albania and 14% in Serbia in 2015 (EBRD Transition Report 2015- 2016). Moreover, last year Greek banking system experienced capital controls and Balkan countries are even more affected. The outcome is uncertain. Yet, one thing is for granted: the crises will have a deep effect on the Western Balkan EU integration. To start with, BCs are highly dependent of the EU, through subsidies, trade relations, FDI, etc. The crises slowed down the reforms and progress and deteriorated economic conditions and macroeconomic performance of the Balkan economies. Additionally, Greece, that was the bridge between the EU and the Balkans, cannot play anymore that role.

Finally, the causal links between the Greek FDI outflows towards the Balkan countries and GDP of the country of destination was analyzed by using the Granger Causality Test. Using data from 2000-2014, for Albania, Serbia and Romania there was no cointegration relationship between the Greek FDI and their growth. However, for Bulgaria and FYROM the null hypothesis of "GDP does not Granger-Cause FDI" was strongly rejected at 10% level of significance for the tested 2 legs. Thus, for those two countries the causality is accepted in the countries' GDP/ Greek FDI relation.

5. Conclusion

As it is presented in the paper, Greece has developed strong, important and mutually beneficial economic relations with the Balkan region over the last 25 years. Since 1993, Greek trade balance with the neighbouring countries was continuously positive and growing over the years. Despite the political

instability that still was present in the Balkans during 1990s, Greek small and medium- size companies recognized the economic potential of the neighbouring countries. Thus, Greek FDI outflows towards them marked a meaningful dynamism. Additionally, a lot of Greek banks were establishing their subsidiaries in the Balkan states, especially in Bulgaria and Romania.

A trend of growth and expansion continued during 2000s. Greece became the first Balkan country that entered the Eurozone. Trade relations with the Balkans were increasing. Moreover, Greece became a top investor in the region. More than 4000 Greek companies established their enterprises in the neighbouring countries, mostly in the sector of trade, services and manufacturing. In addition, Greek banks had a significant market share in the financial sector of the Balkans.

The global financial crisis came in 2008 and it became clear that it will have impact on all dimensions of Greece’s relations with the countries in the region. The repercussions are spilled over through several transmission channels. After more than one decade of expansion, Greek trade relations with the Balkans were negatively affected. The biggest decline in Greek imports and exports appeared in 2009. While the volume of imports managed to recover until the next crisis, Greek exports to the neighbouring countries had an extensive drop and was increasing very slowly. However, the trade balance was in surplus through the period 2008- 2011. In 2011, certain level of stabilization has been achieved and the economies of Balkan peninsula showed satisfactory recovery, Greek sovereign debt crisis burst. The Greek trade balance with the BCs decreased during the period 2011- 2015. However, country by country analysis shows that Greek imports were growing during the aforementioned period, yet the Greek exports marked a drop in all Balkan countries.

After expanding rapidly since 2000 and reaching its peak in 2008, Greek FDI stocks decreased. This decline had a negative impact on the economies of the region that were counting on Greek investments. In addition, Greek banks in Greece were facing a liquidity squeeze, thus they were forced to withdraw their funds from their operations in the Balkans (consolidation through downsizing). Hence, Greek banking sector assets declined in Romania, Bulgaria and Serbia where the biggest drop was marked. Consequently, Greek companies located in the Balkans stayed without financial services (business loans, working capital) they were expecting from the Greek banks. Moreover, in 2015 Greek banks experienced capital controls and the banking sector of neighbouring countries was even more affected. In total, Greek FDI outflows towards the BCs were -553.52€ million during the period 2011-2015, because Greek companies were selling their assets that were located in the neighboring countries. The only Balkan country where Greek stocks marked an increase was Albania.

Due to Greek powerful involvement in the region and strong interdependence between Greece and the Balkan economies, Greek crisis led to the decline of all key economic indicators of those countries. Additionally, Greece that was one of the largest investor in the region has become less significant. Greek sovereign debt crisis has changed the dynamism of bilateral relations and its consequences have a negative impact on Greece’s position in the region as well. Greece, largely in debt and unsovereign country, lost its role as a leader of the region. In addition, the refugee crisis intensified because Greece opened its borders to 1 million refugees. Soon after, Europe closed its borders and as a result Greece lost its geopolitical importance as the extern borders of the European Union. The role of neighbouring Balkan countries was upgraded.

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Parameters that influence saving behaviour of Pomak households in Thrace during economic turmoil

Satsios, N.[1] and Hadjidakis, S.[2]

[1]Department of Business Administration, University of Nicosia, 46 Makedonitissas Ave., P.O.Box 24005, 1700 Nicosia, Cyprus, Satsios.N@student.unic.ac.cy

[2]Department of Finance and Economics, University of Nicosia, 46 Makedonitissas Ave., P.O.Box 24005, 1700 Nicosia, Cyprus, hadjidakis.s@unic.ac.cy

Abstract

The necessity of this research is to explore the factors and circumstances that affect the saving behaviour of Pomaks in Thrace during times of economic crisis. Motivated by the theoretical framework of Theory of Planned behaviour (TPB) this research aims to investigate the influence of a number of factors, such as socio-demographics, religious-cultural and psychological factors, on Pomak households saving behaviour. The research investigates how saving behaviour differs by socio-demographic characteristics and how the intention of saving behaviour is affected by subjective norms (personality dimensions, strength of religiosity) and psychological factors. The main population of Pomaks lives for years in three different prefectures of Thrace: Xanthi, Rodopi and Evros and their saving behaviour influences the economic activity of the area. Since, Pomaks are the second largest religious population after Christians in the region of Thrace, the in depth investigation of their saving behaviour can result in crucial findings regarding their economic actions and their role in the economy of the whole region.

Key words: Saving behaviour, Pomak households, Theory of Planned behaviour, Religiosity, Psychological factors.

1. Introduction

Thrace constitutes a region with a unique social, cultural and religious mixture consisting of Christians, Pomaks (Muslims), Turkish and Roma. After Christian population, Pomaks is the largest cultural and religious group in Thrace. It is estimated that in Greece there are approximately 36.000 Pomaks, from which 23.000 are settled in the Prefecture of Xanthi, 11.000 in the Prefecture of Rodopi and 2.000 in the Prefecture of Evros (ELSTAT, 2011). More specifically Pomak minority in Xanthi is 20,7%, at the prefecture of Rodopi 9,82% and in the prefecture of Evros 1,34% of the local population (ELSTAT, 2011).

Firstly, the primary goal of this study is to investigate the influence of religiosity in the saving behaviour of Pomaks (personality dimensions and social norms). A secondary goal is to examine the role of psychological factors that affect and drive saving behaviour among the population of Pomak households, through the Theory of Planned Behaviour. The tertiary goal of this study is to focus on the analysis of socio-demographic factors in saving behaviour of Pomak households.

2. Literature review

In this study an extended literature review will be presented outlining the effect of religiosity and psychological factors in saving behaviour. Many research gaps have been identified in research papers, that relate to the financial and saving behaviour of households (Attanasio & Weber, 2010; Barr *et al*., 2008; Bertrand *et al*., 2006; Cronqvist & Siegel, 2015; Davis & Hustvedt, 2012; DeVaney *et al*., 2007; Fisher & Montalto, 2010; Hackethal *et al*., 2012; Han & Sherraden, 2009; Haron *et al*., 2013; Hilgert *et al*., 2003; Kim, 2007; Kim *et al*., 2005; Maynard & Zinsmeyer, 2007; Rehman, Faridi &

Bashir, 2010; Ruefenacht *et al*., 2015; Sabri & Macdonald, 2010; Salotti, 2010; Schuchardt *et al*., 2007; Stone *et al*., 2010; Ulkumen & Cheema, 2011; Wei & Zhang, 2011; Xiao *et al*., 2004; Yao, Xiao & Liao, 2015; Yao *et al*., 2011). Some research questions that research papers highlight are the following: How does financial and saving behaviour differ by gender, life stage, race, socioeconomic status, education and ethnicity? How do subjective norms (education, cultural beliefs, strength of religiosity) interact with psychological factors, and how does this interaction affect financial well being? What are effective coping strategies and behaviours during times of economic crisis? How do relevant theories like (TPB) apply to different subgroups (i.e., age, socioeconomic status and ethnicity) and contribute to improving saving behaviour and financial well-being currently and over time? Factors such as knowledge, attitude, and intention related to behavioural modification need to be investigated further (Bernheim, Garrett & Maki, 2001; Guariglia, 2001; Turner & Manturuk, 2012; Xiao, 2008a; 2008b). Research on the financial behaviour of low and middle-income households with diverse cultural backgrounds should be encouraged and conducted (Gutter *et al*., 2012). Several studies indicate that households' saving behaviour is influenced by multiple factors including demographic, socioeconomic and cultural dimensions (Han & Sherraden, 2009; Horioka & Wan, 2007; Kraay, 2000; Newman *et al*., 2008; Rehman *et al*., 2011). Specifically, the geographical location which the Pomaks of the Greek Thrace occupy is mainly on mountainous areas away from the main population (Varvounis, 2004), city centres and thus banking services. Therefore, they are used to be self-sufficient and not accustomed to the banking system. Religious and cultural barriers, specifically those that relate to trust in banks, are also important for participation in the formal financial sector (Barcellos *et al*., 2012; Garcia, Barros & Silvestre, 2011; Mapa & Bersales, 2008; Rodriguez & Meyer, 1988). There are factors from both demand and supply sides that explain why ethnic, racial and religious minorities are less likely to use financial institutions (Atkinson, 2006; Carbo, Gardener & Molyneux, 2005). According to Scholz & Sheshadri (2011), there is evidence that particular socioeconomic groups and ethnic minorities are more prone to be unbanked. Low education, income levels, and poverty incidence, increase the probability of being unbanked (Anderloni *et al*., 2008). Taking all the above into consideration, the study will focus in understanding the role of these factors in the saving behaviour of Pomaks households in Thrace.

2.1 Theory of planned behaviour

Theory of planned behaviour (TPB) is considered one of the most recognized social psychological theories for explaining human behaviour in different contexts (Smith & McSweeney, 2007). The TPB started as the Theory of Reasoned Action in 1980 to predict an individual's intention to engage in a behaviour at a specific time and place. The TPB theory provides a useful conceptual framework for dealing with the complexities of human social behaviour (Ajzen, 1991). The key component to this model is behavioural intent; behavioural intentions are influenced by the attitude about the likelihood that the behaviour will have the expected outcome and the subjective evaluation of the risks and benefits of that outcome. The TPB adds one more variable, perceived behavioural control (PBC) (Ajzen, 1991).

The theory holds that the stronger the attitude toward the behaviour, subjective norm and perceived behavioural control, the more likely the person will engage in the behaviour (Ajzen, 2002). TPB provides a framework to explore the underlying beliefs that affect one's financial behaviour. Thus, the TPB is helpful in investigating and designing strategies to assist people in adopting positive financial behaviours (Table 1). According to the focus groups identified by Turnham (2010), people in general are motivated to save. However a participant's ability to save was affected by the lack of opportunity, knowledge, willpower, and their attitudes toward savings and saving institutions (Turnham, 2010).

Table 1: Definitions of predictors of behaviour in the Theory of Planned Behaviour

Construct	Definition
Behavioural Intention	This is an individual's intention to perform a behaviour and is a function of attitude, subjective norm and perceived behavioural control.
Attitude	This is an individual's positive or negative evaluation of the behaviour (Ajzen, 2005).
Subjective Norm	This is an individual's "perception of social pressure to perform or not to perform the behaviour" (Ajzen, 2005).
Perceived Behavioural Control	This is the "perceived ease or difficulty of performing the behaviour and reflects past experience as well as anticipated impediments and obstacles" (Ajzen, 2005).

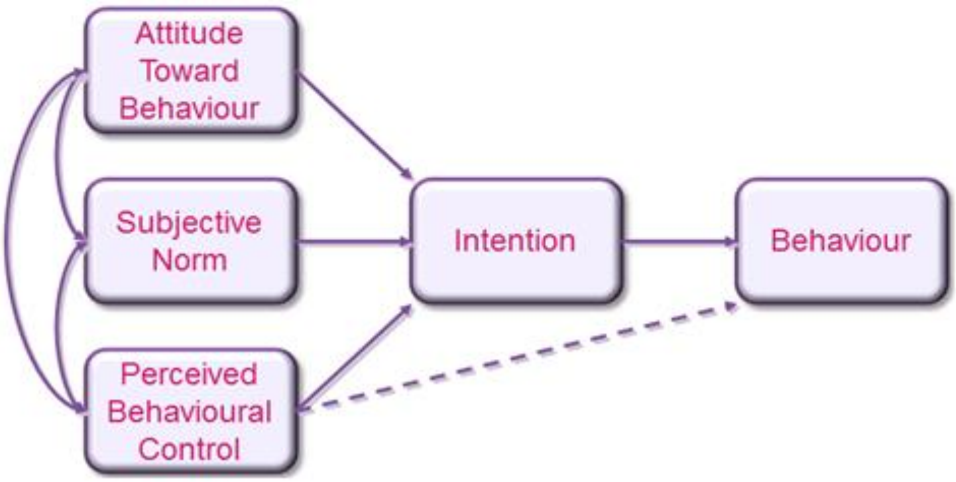


Figure 1: Theory of Planned Behaviour (Ajzen, 1991)

2.2 The conceptual research model

In this research the model of TPB will be applied to examine the extent to which attitudes (ATT), subjective norms (SN) and perceived behavioural control (PBC) affect Pomak households' intention (INT) to saving. Furthermore the TPB is, in principle, open to the inclusion of additional behaviour predictors (Ajzen, 2008). In Figure 2, the variables that added on subjective norms are the personality dimensions which examined through the TIPI scale (Gosling, Rentfrow & Swann, 2013) and religiousness which examined through RCI-10 Scale (Worthington et al., 2003; 2012). On attitudes towards saving, added the variables of time horizon, time preference, income uncertainty, risk tolerance and saving motives. The Self-Mastery scale (Pearlin & Schooler's, 1978) is used, which examines the perceived behavioural control parameter and the intention scale - 21 saving items (Warneryd, 1996a; 1996b) for the intention toward saving. Therefore, an extended model will be used to analyse their saving behaviour.

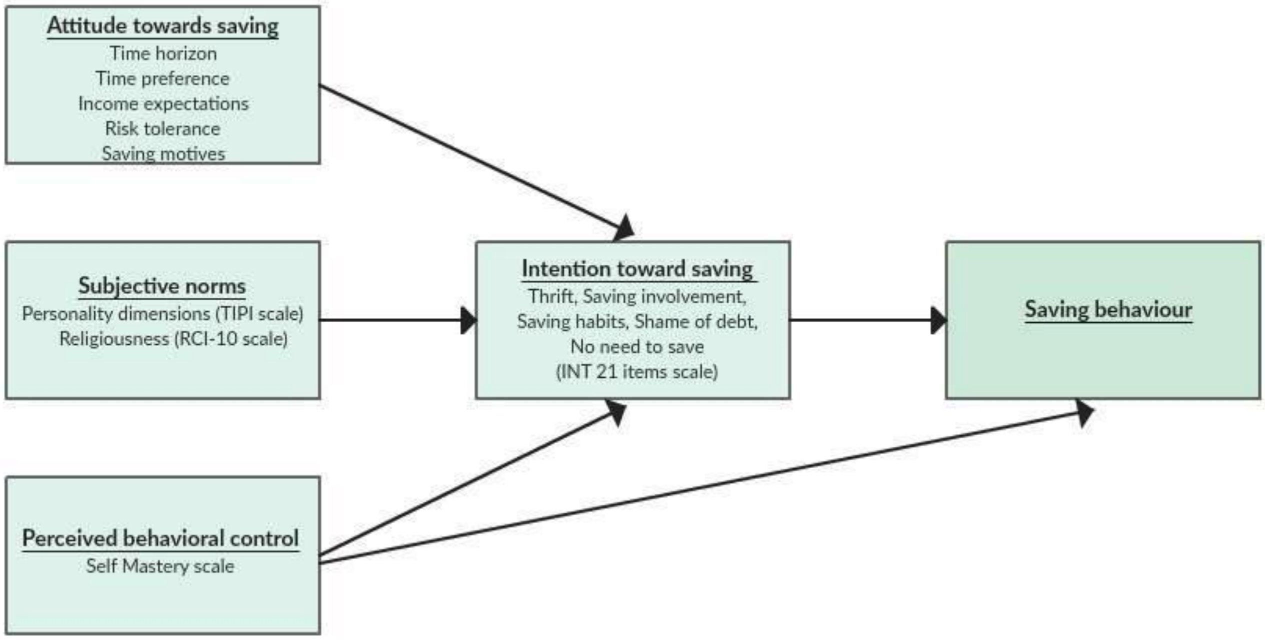


Figure 2: Proposed Research Model extension of TPB Model (Ajzen, 1991)

3. The role of religiousness

Renneboog & Spaenjers (2012) found a positive relationship between the individual propensity to save and an individual's religious affiliation. Carroll *et al*. (1994) found that distinct saving patterns were observed in immigrants from different countries of origin with distinct cultural backgrounds. Individual attitudes towards thriftiness and taking risks may be affected by religiosity and thus affecting saving decisions. Keister (2003) notes that "religious doctrine seldom discourages saving and nearly always encourages correct and conventional living". It is, thus, not surprising that Guiso, Sapienza & Zingales (2003) find that religiosity is associated with a higher emphasis on the importance of saving.

Religion may influence saving behaviour not only through its rules and norms, but also through its institutional character, like participation in religious services. A core set of religious beliefs about the structure of sins, piety and salvation can directly impact personal attitudes and preferences for savings (Arrunada, 2010; McCleary, 2007). Hence, saving rates may differ across religious groups. Participation in religious services may alter an individual's savings preferences and opportunity sets. Attending religious activities regularly creates a social network (Glaeser & Sacerdote, 2008; Guiso, Sapienza & Zingales, 2006; 2003), which may be used to gather information required to make appropriate savings decisions or to adapt investment strategies from fellow attendees. Recapping, religion has a significant impact on saving behaviour not only through its rules and norms, but also through its institutional character.

According to Worthington *et al*. (2003) religiosity can be measured using the Religious Commitment Inventory (RCI-10). The RCI-10 measures cognitive and behavioural commitment to a religious value system, irrespective of the content of beliefs in that faith system and has been validated across different samples (Figure 2). The cognitive dimension focuses on the individual's belief or personal religious experience while the behavioural dimension concerns the level activity in organized religious activities (Worthington *et al*., 2012).

4. Psychological factors

Saving rates can also be affected by psychological factors. The psychological factors mentioned here are: time horizon, time preference, income expectations/uncertainty, risk tolerance, saving motives and personality dimensions.

4.1 Time horizon

Time horizon refers to the length of time period that is taken into account in the process of planning expenditures and saving (Rabinovich & Webley, 2007). It has been shown to be one of the most robust covariates of saving behaviour in previous research (Nyhus & Webley, 2001; Warneryd, 1999) it helps to discriminate between savers and non-savers and to predict saving behaviour. Time horizon is linked to the need for self-control in saving by the behavioural life-cycle hypothesis (Shefrin & Thaler, 1988). According to Alessie *et al*. (1995; 2011) and Warneryd (2000) have found a positive relationship between time horizon and saving and a negative relationship between time horizon and debt.

4.2 Time preference

According to Manturuk *et al*. (2012) time preference is the extent to which individuals would be willing to delay immediate gratification from consumption. In theory of time preference, from Fisher (1930), time preference, is reflected as a person's impatience for consumption and is very important for saving. It describes to what extent people desire to increase their consumption or the resistance to decrease their consumption in the present, and it can be regarded as synonymous with Katona's (1975) "willingness to save". The rate of time preference is determined by diverse psychological variables: foresight, self-control, habits, expectations of life, thoughts for relatives and the need to follow the whims of fashion. The usual hypothesis is that during periods of high time preference there is a negative effect on saving. Impatient people who want to consume will be less willing to put money aside than the more patient people.

4.3 Income expectations /uncertainty

Both Katona (1975) and Modigliani & Brumberg (1954) proposed that expectations of an improved economic situation would have a depressing effect on saving because people would feel less the need to save or because they want to have a smooth consumption stream. This has been contended in empirical researches by Alessie *et al*. (1995), Carroll (2001), Guiso, Jappelli & Terlizzese (1992b), Souleles (2001) and Webley & Nyhus (2001) found that people with debt problems were more optimistic about their future income for the next 5 years than others. The willingness to borrow might increase with respect to optimism regarding the future economic situation, the amounts borrowed and the subsequent repayment saving. It seems that optimism is associated with an increase in the probability of having debts, greater amounts borrowed and higher repayment saving.

Researchers have shown that increased uncertainty about future income, decreases consumption and increases saving behaviour (Carroll, 1994; Deaton, 1991; Sandmo, 1970; Zeldes, 1989). Carroll (2001) stated that this relationship subsist because increased saving raises the expected value of future consumption, while others contribute the relationship to the presence of precautionary savings motives (Deaton, 1991; Kimball, 1990a; Zeldes, 1989).

4.4 Risk tolerance

Chang (1994) found that those with a high level of risk tolerance accumulated more non-housing wealth than those with low risk tolerance. From the other side, the investigation of Lusardi (1998)

point out that households whose respondent is more risk-averse, or has a lower level of risk tolerance, accumulate more.

4.5 Saving motives /goals

There is an extensive literature on saving motives, which suggests that saving may be precautionary, for defined goals, or for more abstract reasons like self-esteem, or the need to feel independent (Browning & Lusardi, 1996; Canova, Rattazzi & Webley, 2005; Fisher & Montalto, 2010; Warneryd, 1999). Some of the main reasons are:

- The *life-cycle motive* or *retirement saving motive*, that is, to provide for anticipated future expenses during old-age, when individuals will not be able to rely on earnings.
- The *precautionary* ("rainy day") *motive*. This includes money put aside to cover unforeseen events or to provide a buffer against events like job loss, illness, relationship breakdown, or accidental damage to household goods.
- The *improvement motive*, that is to enjoy a gradually improving lifestyle. This can contain short term saving for consumer durables, holidays, or gifts, or longer-term saving for, say, a child's education or wedding, investment on livestock or farming equipment.
- The *enterprise motive*. This is saving to accumulate enough money to carry out speculative or business activity, i.e. saving for the purpose of generating more money.
- The *bequest motive*. Several people save with no intention of using the money in their lifetime, they put money aside, or keep assets, explicitly to pass on to children or other family members.

4.6 Personality structure

There is evidence that personality traits can affect whether people save or not (Redhead, 2008). Within the field of psychology, there is no agreement as to which personality factors are the most crucial for saving. A different reason of apparently irrational behaviour is 'mental accounting', or the propensity of people to practically put money into different boxes. This can interpret, why people may at the same time save at low interest rates and borrow at high rates (Shafir & Thaler, 2006).

4.6.1 TIPI scale

Many personality scales are used in research that investigates saving behaviour, like the Ten Item Personality Measure (TIPI) of Gosling, Rentfrow & Swann (2013). They conclude that personality traits are broad and abstract variables and one should not expect strong relationships with behaviour. Instead, personality traits might affect attitudes and intentions, which in turn will modify behaviour. TIPI scale includes five personality dimensions "extraversion", "agreeableness", "conscientiousness", "emotional stability", "openness to experiences" which are related to saving.

4.6.2 Self Mastery scale

Self-mastery is a common measure of the perceived control an individual has over their life as measured by Pearlin & Schooler's (1978) Personal Mastery Scale. The Pearlin Mastery scale (PM) measures an individual's level of mastery, which is a psychological resource that has been defined as "the extent to which one regards one's life-chances as being under one's own control in contrast to being fatalistically ruled" (Pearlin & Schooler, 1978, p.5). Individuals with a high sense of mastery believe in their power to influence the environment and caused desired outcomes.

4.6.3 Intention scale (21 saving items)

Previous analyses of the 21 attitude/intention to "saving" items included in 1993 and 1994 data by Warneryd (1996a; 1996b) whom tested a model similar to Ajzen's Theory of Planned Behaviour

(Ajzen, 1991). Warneryd's model deviated from that of Ajzen (1991) by excluding attitude measures reflecting specific actions to save. Warneryd (1996b) introduced five factors that named "thrift", "no need to save", "saving involvement", "shame of debt", and "saving habits". Proxies had to be used for the variables "subjective norms" and "perceived behavioural control". Warneryd (1996a; 1996b) found a negative relationship between attitude towards saving and intention to save.

5. Socio-demographic factors

Several studies have been conducted on the issue of various determinants of savings such as socio-economic and demographic factors (Alves & Cardoso, 2011; Fasoranti, 2007; Furnham, 1985; 1999; Kraay, 2000; Lunt & Livingstone, 1991; Newman *et al*., 2008; Phipps & Woulley, 2008; Rehman, Bashir & Faridi, 2011). Specifically, this research will choose the variables of gender, age, marital status, household size, children presence, household income/changes, educational level and work status.

5.1 Household gender

Differences in gender, also has a measurable impact on saving habits. A number of studies have demonstrated that the saving behaviour of genders (women and men) differs (Bajtelsmit & VanDerhei, 1997; Embrey & Fox, 1997; Westaway & Mckay, 2007). Gender has also a degree of confidence factor, therefore risk taking and saving behaviour (Lenney, 1977; Lundenberg, Fox & Punccohar, 1994).

5.2 Household age

Percentages of old and young people in a population are very important determinants of saving within the group. According to the life-cycle hypothesis (Modigliani, 1966; 1970) the age structure of the population can have an influence on the private saving behaviour.

5.3 Household composition (marital status, family size, children presence)

The household marital status has been as a proxy for saving performance because family value is important factor of savings. There are some empirical studies such as Collins (1991) and Sinha (1998), which shows the family value’s important roles in the saving behaviour of household and economic development.

Also, family size is an important variable of saving behaviour. The household’s number of dependents is an important variable for saving performance of the household.

Children's presence in the household means that the demands placed on income is higher than in similar childless households. The presence of children has a depressing effect on financial wealth and saving (Bai *et al*., 2010).

5.4 Household income level

There are several studies that investigate factors such as household income (Brown, Dury & Holdsworth, 2009; Hebbel & Serven, 2000; Mapa & Bersales, 2008; Runkel, 1991) and external factors such as a country’s economy (Katona, 1975), influence saving decisions. Ownership is frequently used as the main non-financial investment. In lower income countries, persons are more likely to invest in livestock, household goods, jewellery or gold. Persons on low incomes are much more likely to save informally, most often keeping cash at home, or with family members (Dolphin, 2009).

5.5 Household education level

Education can affect saving directly through financial literacy. Higher financial literacy will result in higher saving (Browning & Lusardi, 1996). Higher financial knowledge pairs with more responsibilities, conscious financial decisions, thus financial literacy has a positive effect on the saving behaviour of households (Sabri & Macdonald, 2010). Bernheim, Garret & Maki (2001) found that students who learn about budgeting and savings in school grow up to save more. For all income groups, education of household heads has turned out to be inversely affecting their savings (Rehman, Faridi & Bashir, 2010).

5.6 Household work status

Brown, Dury & Holdsworth (2009) examined the efficiency of work status is imposing positively on consumers' saving behaviour. Unemployment and education level had a negative limit value for private savings. Burney & Khan (1992) investigated that income and work status, appear to play a positive role on savings. Therefore, household employment status directly affects household saving.

6. Conclusions

An expansion research model of TPB will be applied to examine the attitudes, subjective norms and perceived behavioural control that affect Pomak households' intention to save. Furthermore the TPB is, in principle, open to the inclusion of additional behaviour predictors (Ajzen, 2005). The variables that added in research are attitudes towards saving (time horizon, time preference, income uncertainty, risk tolerance, saving motives), subjective norms (personality dimensions and religiosity), perceived behavioural control (self-mastery) of Pomaks that have a strong influence in their saving, therefore an extended model will be used to analyse their saving behaviour.

It is obvious that further research is needed in order to identify the role of these factors in saving behaviour of Pomak households. The research that will be conducted will contribute to construct a conceptual model that analyses the factors and conditions that influence the saving behaviour of Pomaks' in Thrace in times of financial crisis. Focus in understanding the impact of each role on cultural diversified populations over their saving behaviour.

The result of this research, besides the above findings, will be to raise awareness to the Pomak community over their savings options and financial investments. Financial institutions may use the findings to apply new policies that will enhance household savings and investments through financial educational programs, in order households to become more financial literate. The new framework that will be developed, will assist the economic authorities to take into consideration different important factors when applying fiscal policies in the region of Thrace and minorities in general.

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Ecosystem-based approach for flood risk reduction in Bulgaria

Kristina Todorova
PhD student, Sofia 1700, Bulgaria, University for National and World Economy
ktodorova@unwe.bg

Abstract

Floods in many cases appear as natural phenomenon which is beneficial for the natural environment. Nevertheless, as human society is part of the natural environment it is therefore exposed and susceptible to flood hazard. Floods are seen as damage to the socio-economic activity on one hand, but on the other it is the latter that exacerbates the risk of floods. Our society constantly changes the land use and this appears to be one of the factors for an increase in flood risk.

Ecosystem-based approach for flood risk management is a fast growing notion in the field of disaster risk reduction. During the last decade even more research has been done in this field with emerging interest in the applicability of natural measures for flood risk reduction, as they also have multiple benefits such as reducing soil erosion, purification of water and groundwater recharge and can be implemented in different parts of the watershed, i.e. forests, urban areas or agricultural lands. The aim of this paper is to present the opportunities for the implementation of natural water retention measures in Bulgaria with particular focus in agricultural lands.

KEYWORDS
Flood risk, ecosystem-based approach

1. Introduction

The ecosystem-based approach recognizes the role of healthy ecosystems for the provision of regulation services. Traditional structural measures against the adverse effects of disasters have proved their role, but there is a growing need for the inclusion of other measures. Natural water retention measures (NWRMs) can be identified as part of ecosystem-based approach for disaster risk reduction in general and in particular for flood management. In recent years ecosystem approach for flood reduction has gain popularity and different concepts such as Room for the River were developed. The capacity of agriculture land to reduce floods has been studied at certain level, but more research is needed for exploring the vast opportunities which agriculture has in flood risk management. The aim of this paper is to present the notion of ecosystem-based approach for flood risk management and NWRMs as part of it. The policy framework which is a premise for the implementation of NWRMs at farm level is studied and the role of farmers in this process is presented.

2. Ecosystem-based approach and flood risk management

The ecosystem approach for flood risk management seeks to utilize the natural potential. This approach recognizes the role of ecosystem services as in the case of flood management these services are classified as regulation services. The role of ecosystems for disaster risk reduction has been recognized at international level with the endorsement of Hyogo Framework for Action for disaster risk reduction in 2005 and its successor – the Sendai Framework for disaster risk reduction. The main aspect of this approach is the restoration and preservation of the ecosystem services. During the last years the role of ecosystems for disaster risk reduction has been recognized by many scientists and also by the International Strategy for Disaster Reduction of the United Nations. The ecosystem approach uses ecosystem services as a strategy for adaptation to the adverse effects of climate change and to reduce flood risk.

The earliest references to the concept of ecosystems and their services, as well as the concept of the economic value of ecosystem services, date back to the mid-60s (Carson, 1962) and 70s (Fisher et al., 1975). In 1981, Ehrlich (Ehrlich et al., 1997) noted that the most important reason for the anthropocentric conservation of biodiversity is the role of microorganisms, plants and animals for the provision of free ecosystem services, without which society cannot exist and highlights the social

value of nature. Ecosystem services are defined as those that contribute to dealing with pests, pollination, climate regulation, water retention and flood control.
Publications related to the benefits of ecosystem services to society grow even more at the end of XXth century. Among the major publications are those of Constanza et al., (1997) for the total value of natural capital, Daily (1997) who adds that the primarily goal of ecosystem services is to offer life support functions and have a number of aesthetic and cultural benefits to society. Constanza and Daly (1992) develop the concept of natural capital as part of the green economy, which includes ecosystem services and their importance for ensuring the biophysical basis for the development of society. The term ecosystem service is gaining more prominence with publications under the Millennium Ecosystem Assessment, which present a conceptual framework for assessing the relationship between ecosystem services and social welfare. Over the last decade the role of ecosystems in disaster risk reduction have been taken into account by some authors (Dudley et al., 2010, March 2012), and the reports under The UN Office for Disaster Risk Reduction (UNISDR) associated with reducing flood risk, which highlights the important role of ecosystem-based approach of reducing the risk of disasters.
The ecosystem approach uses ecosystem services as a strategy for adaptation to the adverse effects of climate change and to reduce the risk of flooding. Ecosystems may affect both the likelihood and intensity of an extreme event. With regard to flooding, soils have the ability to store large amounts of water, as well as to ensure the transfer of the surface water to groundwater, and thus to prevent or reduce flooding (MEA, 2005). Similarly, measures for natural water retention use the ecosystem approach to contribute to the regulation of water flow, increase ecosystem resilience to climate change, establishing carbon stocks and improving biodiversity (Stella Consulting, 2012). As part of the ecosystem-based approach NWRMs offers new solution which utilize the natural capacity of ecosystems to retain water.

2.1. Natural water retention measures as part of ecosystem-based approach

Natural water retention measures (NWRMs) provide multifunctional solution that manages water resources using natural processes through the restoration of ecosystems and land use change. They have the potential to provide many benefits beyond reducing flood risk namely improving water quality, reducing the risk of drought, restoration of groundwater resources, protection of biodiversity, tackle climate change. The main role of NWRMs in terms of water management is to regulate the water flow in order to cope with extreme events such as floods. They can slow runoff and allow it to better infiltrate the soil, which reduces flood risk and improve underground aquifers. The main purpose of this type of measures is to increase or maintain the capacity of water retention of soil and aquifers. Therefore, they are subject to a number of key policies at EU level - Floods Directive, Water Framework Directive and the Birds Directive and the Habitats Directive.
At EU level there is a pilot project (2013-2014), which aims to support the implementation of NWRMs policies on water quality and reducing flood risk mainly through their use in Flood Risk Management Plans and River Basin Management Plans. Broadly they can be divided into measures that change or restore certain ecosystems and provide land use and management practices. On this basis, the EU document on the implementation of NWRMs categorizes them into the following categories (EC, 2014):

- Restoration of aquatic ecosystems - restoring meanders, restoration and management of wetlands;
- Agricultural - buffer strips, meadows and pastures, crop rotation, no till agriculture, mulching;
- Forestry - forest riparian buffer or afforestation in order to capture rainfall;
- Urban Environment - green roofs, retention ponds surface that is water permeable.

There is a debate in scientific literature what measures can be classified as NWRMs as their concept overlaps to some extent with the terminology used in green infrastructure. It can be concluded that there is still no single definition of the extent of these measures, since some of them overlap with existing terminology related to water management and floods. For example, part of NWRMs fall under the so-called rural sustainable drainage systems, aimed at capturing, storing and purifying water. They mimic natural hydrological processes and thus reduce the impact of human activity on surface runoff,

reducing flood risks on the one hand and diffuse pollution on the other (Foundation for Water Research, 2014). The main difference is that rural sustainable drainage systems primarily reduce pollution from agricultural activities and maintenance of water quality, but because of the potential to slow runoff they can be attributed to flood management.

NWRMs cover a broader category of measures which appear in the scientific literature under different names. From a purely terminological point of view it is important to clarify that NWRMs represent a unifying term of a group of measures that aims to retain water using natural processes, while at the same time have the potential to contribute to multiple benefits. Therefore, their approach overlaps with concepts such as Room for the River, Natural Flood Risk Management and Green Infrastructure.

Measures for natural water retention include a wide range of practices aimed at soil conservation and storing capacity. Currently, only the local effects of NWRMs for regulation of runoff are known. They may have an effect on small-scale and frequent floods but it is likely to have little effect on the flooding at a larger scale.

2.2. Connection between floods and agriculture

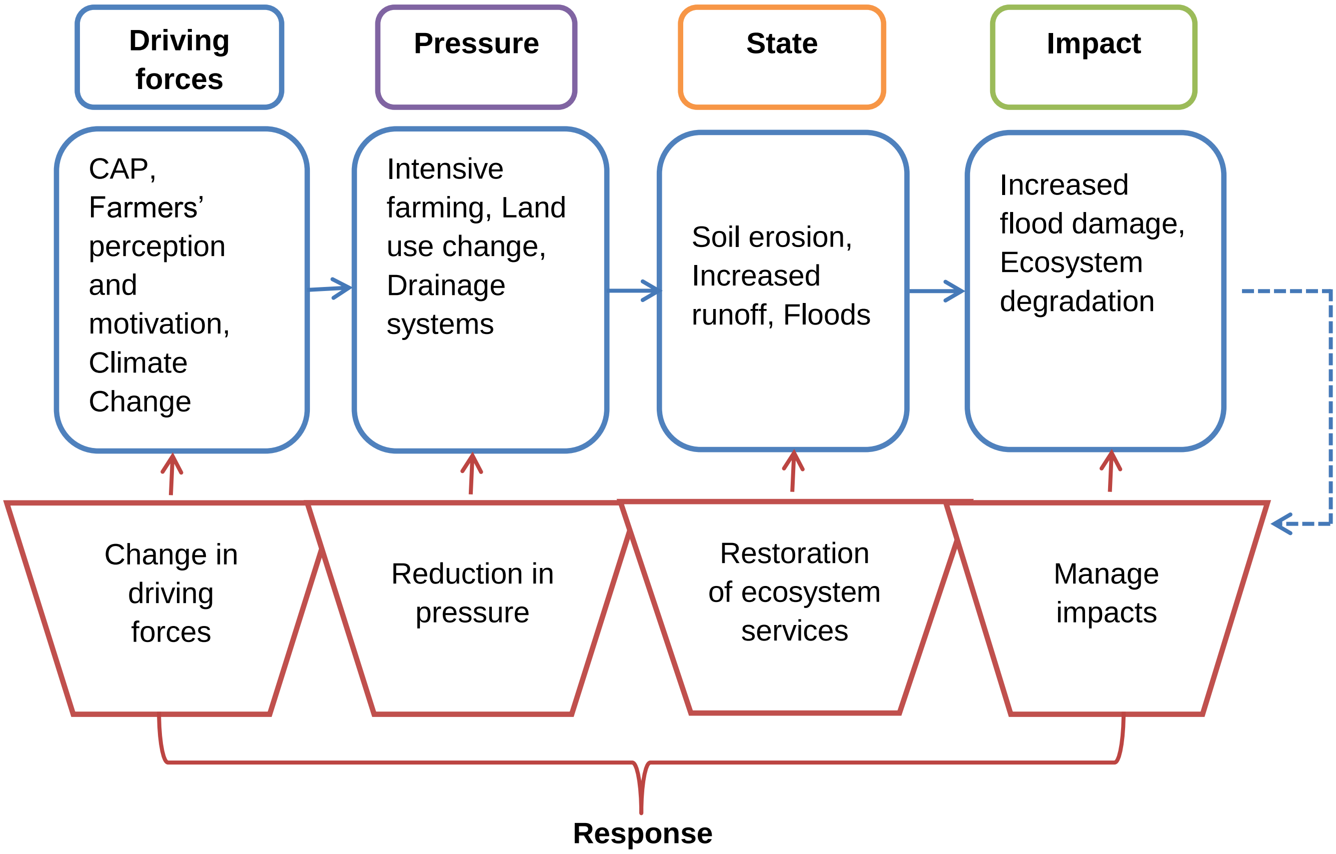
Rural areas, in particular arable land, play a major role in managing flood risk mainly due to water runoff and subsurface drainage (Posthumus et al., 2008).

Various studies have shown the relationship between the formation of runoff from agricultural practices flood risk (Posthumus et al., 2008, Ashagrie, 2006, Bronstert et al., 2002, Niehoff et al., 2002). There is considerable evidence of the impact of changes in agricultural practices on local flooding, much of practices aimed at influencing runoff formation on agricultural land and thus controlling the source of flooding (McIntyre N., 20013). The increase in runoff can have two main effects - in terms of increased flood risk and in terms of reduced capacity for soil infiltration. Some authors reflect the relationship between changes in land use in rural areas and surface runoff (O'Connell et al., 2005). Yet, research is covering a small number of agricultural practices. Substantial evidence is available that local surface runoff increases due to some modern practices (Sibbesen et al., 1994, Speirs et al., 1985,) and that farming practices can reduce infiltration rates (Hollis et al., 2003, Souchere et al., 1998, O'Connell et al., 2005, O'Connell et al., 2007, Souchere et al., 2003, Boardman, 1990).

Although a number of studies demonstrate the impact of agricultural practices on reducing surface runoff, generalizations about their applicability cannot be made, since the results of the implementation of such practices depend on the type of soil, geomorphology and other local features. However, studies serve to raise awareness based on scientific data on the use of natural measures for flood management. Currently the research on how local effects of land use change affect the likelihood of flooding downstream is developing.

O'Connel et al., (2005) presents the anthropogenic impact of agricultural land for the generation of floods, using the concept of the **Drivers-Pressures-State-Impacts-Response** framework. According to the author, existing policies at EU level with respect to agriculture and especially the Common Agricultural Policy are key **drivers** for rural development. Intensive agriculture and associated land use changes appear as **pressure** on land and water resources. Consequently this may change the **state** of natural systems and processes, reducing their resistance, which can lead to increased runoff, soil erosion and pollution. The latter are converted into **impacts** caused by private interests, leading to negative consequences for society and the environment, thus they are external effects for society. Observing their own private interest, farmers would not be interested enough to eliminate these external effects, unless they are motivated to do so. The answer in this case can be in the form of legal restrictions, market mechanisms or voluntary mechanisms. The goal is to change the driving forces and pressures, instead of managing the impacts (Figure 8).

Figure 8 Concept Drivers-Pressures-State-Impacts-Response in regards with floods and agriculture



Source: Adapted on O'Connell P.E., Morris J., Quinn, P.F., 2005, Review of impacts of rural land use and management on flood generation

2.3. Natural water retention measures at farm level

A number of studies demonstrate the potential of rural areas to contribute to flood risk reduction in small scale (Melville and Morgan 2001, Auerswald, 1998, Cruse et al., 1995). Research still comprise a small number of agricultural practices, but it is believed that the use of appropriate agricultural practices can reduce the incidence of local floods (Souchere et al., 1998, Bielders, 2003, Verstraeten and Poesen, 1999). For example buffer strips, contour grass strips and hedges can slow runoff and increase the possibility of re-infiltration.

Natural water retention measures at farm level can be considered as those who intend to capture flood water at source, mainly by providing the possibility for slow infiltration into the soil, in other words - by encouraging the retention of water within a catchment and, through that, enhancing the natural functioning of the catchment. Practices that cause soil compaction and reduce the capacity of infiltration as well as those that lead to poorly structured soil with little or no plant cover may lead to infiltration excess runoff (O'Connell et al., 2005). The result is reduced storage capacity and hydraulic conductivity. The use of appropriate practices for land use has the potential to reduce flooding by (McIntyre N., 20013):

- Increasing infiltration into the soil;
- Increasing the capacity of soil to store water;
- Reducing the rate of surface runoff.

In connection to NWRMs European platform has been developed for the introduction of different types of measures divided in four sectors, one of which is agriculture. The European platform has identified 13 types of measures suitable for the rural lands. In Table 8able 1 six of them are presented according to their biophysical impacts and the ecosystem services they provide. Each measure has different level of impact – high, medium and low. It is worth mentioning that flood risk reduction is not the only ecosystem service provided on arable lands.

Table 8 NWRMs measures at farm level

	Ecosystem services impact			**Biophysical impact**		
Measures	*Flood risk reduction*	*Soil erosion*	*Groundwater recharge*	*Slow runoff*	*Increase infiltration*	*Increase soil water retention*
Meadows and pastures	high	high	medium	high	low	medium
Buffer strips and hedges	high	high	medium	high	medium	medium
Strip cropping along contours	medium	high	medium	high	medium	low
Intercropping	medium	medium	NA	high	high	low
Green cover	high	high	medium	high	high	medium
Mulching	medium	NA	medium	high	low	medium

Source: EU platform for NWRMs: www.nwrm.eu

3. Possibilities for NWRMs at farm level

Even though the ecosystem-based approach for flood risk management is a fast growing notion in disaster management the prevailing part of studies are oriented towards wetland and floodplain restoration, re-meandering, lake restoration and other. The role of natural measures for the provision of ecosystem services at farm level is examined at small degree. The policy under the Flood Directive and the Flood Risk Management Plans only indirectly suggests NWRMs. On the other hand there is a strong connection between the agro-environment measures under Pillar 2 of Common Agricultural Policy and NWRMs.

3.1. Policy framework

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3.1.1. Flood Directive 2007/60/EC

The European legislation in the field of water management suggests that there should be a strong coordination between two very important directives – the Water framework and the Flood Directive. As part of this policy the implementation of Flood Risk Management Plans has been adopted in all member states. These plans are the final step of a long process of assessing flood risk and mapping future possibilities of floods.

In Bulgaria three out of four of the Basin Directorates presented their Flood Risk Management Plans. Each of them have program of measures which should comply with the goals presented in the Flood

Directive. Considering the part with ecosystem-based approach the measures should take in case the following:

- Improve the land use in floodplains;
- Prevent rapid runoff in agricultural areas;
- Improve international efforts to restore natural floodplains.

From the analysis of the suggested measures can be concluded that several types of measures can be addressed as part of the ecosystem-based approach for flood risk management. These include:

- Afforestation of riverbanks;
- Reconnection of old meanders;
- Creating a manageable polders and small buffer pools in the floodplains of rivers;
- Restoration of wetlands;
- Requirements for good agricultural and environmental condition of agricultural land and training farmers who to use good agricultural practices;
- Protection of river banks and beds of erosion;
- Limiting soil sealing as a result of urbanization.

Afforestation of banks and flooded terraces with appropriate tree species is the most common measure provided the flood management plans. The next most common measure appears to be the one with creating a manageable polders and small buffer pools in the floodplains of rivers. Only one of the Basin Directorates suggests afforestation measures and building of terraces for runoff reduction. Another intends to apply requirements for good agricultural and environmental condition of agricultural land but no further details have been given. This measure reflects the connection between the Common agricultural policy and the Flood directive.

3.1.2. Common Agricultural Policy

Another mechanism under which the implementation of NWRMs could be undertaken is the Common Agricultural Policy as mentioned above. One very important trait of the NWRMs at farm level is that they overlap with measures which are part of Pillar 2 of the Common Agricultural Policy. It could be suggested that an incentive for providing this type of measures could come from participation in the Program for Rural Development under Pillar 2 of CAP which presents an opportunity for connection of agriculture and water resources. The purpose of the implementation of EU policy in relation to rural development is to reflect the role of farmers in improving the environment, applying practices to achieve this.

Until the 90s of the XX century, agri-environment measures constituted a separate scheme beyond that of the CAP. With the reform after year 2000, their performance becomes part of the Union's policy for rural development (part of Pillar 2). Thus farmers are committed to implement different practices, including those relating to the protection of water resources, soil management, and establishment of buffer strips. Beyond the obligatory element of the CAP - cross-compliance, which requires compliance with certain environmental standards, agri-environment measures are voluntary commitment. However, the willingness of farmers to participate in this type of activity is important for achieving the objectives of environmental protection.

Also the interest in natural solutions for reducing flood risk somewhat coincides with reforms of the Common Agricultural Policy of the European Union since 2013 with the new green payments. Accordingly, there are prerequisites to strengthen the link between the management of flood risk and agriculture. But since farmers are the main actors in the process of implementation of these measures it is important to consider the factors that influence their decisions.

3.2. Role of farmers

Farmers occupy a central role in managing flood risk. They are main actors in the implementation of measures for flood risk reduction mainly through increasing the capacity of the land to retain water.

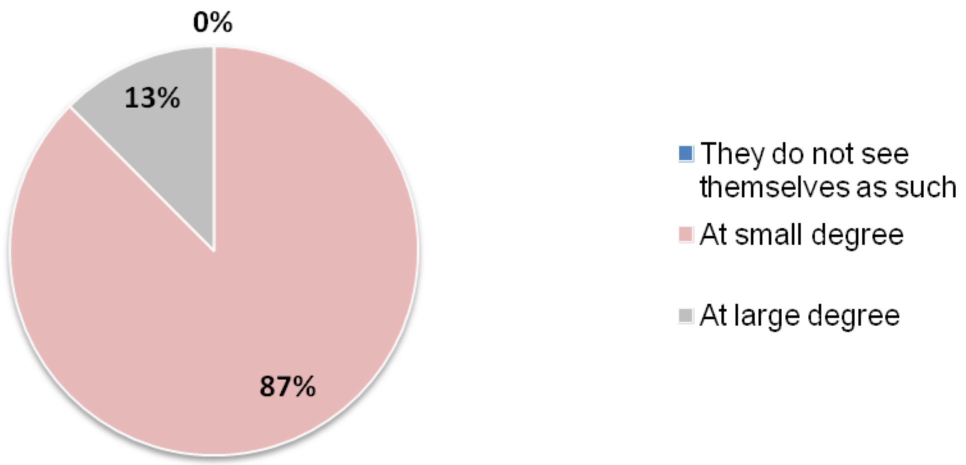
Studies that reflect the relationship between the behavioral process of decision-making of farmers and measures to reduce flood risk are limited. However, research on the factors which influence the participation of farmers in activities aimed at protecting the environment, specifically agri-environment activities, is considerable. Some of the research is focused on the financial aspects of the

change in the activities, for example the change of productive agriculture to one which provide ecosystem services (Yu et al., 2011, Patrick et al., 2009, Lynch et al., 2001, Genghini et al., 2002, Kabii and Horowitz, 2006). Other research concentrates on the farm characteristics, including farm size, productivity, etc. (Ghazalian et al., 2009, Yu and Belcher, 2011), as well as farmer's characteristic. The latter include level of education, trust in institutions and farmer experience (Sattler and Nagel, 2010, Wilson and Hart, 2000, Peerlings et al., 2009). The way in which the compensation system is organized also influence farmers' decisions, more precisely duration of the contract, scheme requirements, administrative bureaucracy (Lynch et al., 2001, Yu et al., 2014, Patrick at al., 2009, Christensen et al., 2011).

Finally, some studies concentrate on the attitude towards environmental protection. Durpaz (2003) suggests that environmental awareness could positively influence the decision. For example Gould (1989) examines the implementation of soil management practices and he suggests that farmer awareness of soil degradation and erosion in his own farm more often is the reason for the implementation of measures.

As mentioned above there is an overlap between NWRMs and agri-environment measures (AEMs). As such, implementation of NWRMs under the CAP mechanism could have similarities considering the decision factors for participation. In this regard a survey among experts was conducted in the field of agro-environment measures in order to examine the motivation of farmers to participate in the implementation of such measures. According to the survey the prevailing reason for participation is the possibility for additional financial support for farmers, as all of the respondents choose this answer. Secondly, 50% of the respondents choose that environmental protection, namely decreasing soil and water contamination, is a reason for participation. On the other hand, farmers see themselves as main actors for soil and water protection in a small degree (Figure 9).

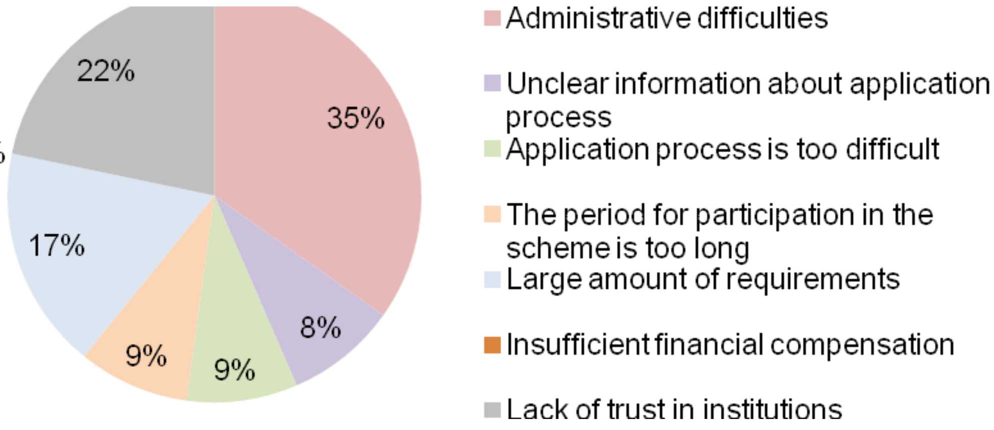
Figure 9 At what degree farmers see themselves as main actors for environmental protection?



Source: Author's survey

The most common factors which have negative influence on the decisions considering the participation in AEMs are bureaucracy problems (administrative), large amount of requirements which lead to difficulties in the management and lack of institutional trust (Figure 10)

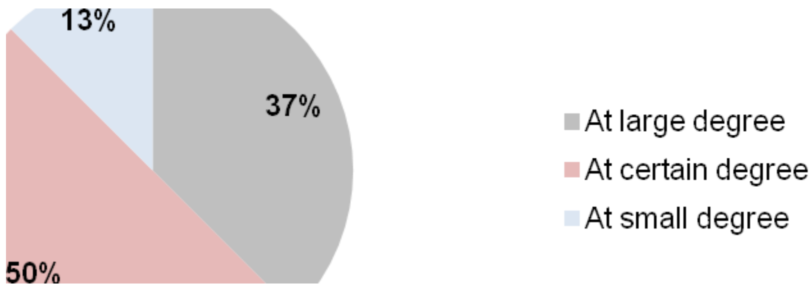
Figure 10 Which are the most common reasons that have negative influence on the decisions for participation in agri-environment measures?



Source: Author's survey

Furthermore, according to the respondents farmers' awareness about environmental problems has influence on their participation (Figure 11). More specifically, a reason for lack in motivation for participation appears to be the lack of environmental awareness about the natural value of land and sustainable land management, as well as insufficient knowledge of the requirements of Bulgarian environmental law.

Figure 11 Does environmental awareness has an influence on farmers' participation in agri-environment measures?



Source: Author's survey

The willingness to participate is largely influenced also by their level of education and work experience. The degree at which these two factors influence participation in AEMs is shown in Table 9.

Table 9 Connection between work experience and education and participation in AEMs

	Response percentage about connection between **work experience** and participation in AEMs	Response percentage about connection between **level of education** and participation in AEMs
At large degree	12.5%	37.5%
At certain degree	62.5%	50%
At small degree	12.5%	12.5%
No connection	12.5%	0%

Source: Author's survey

According to the survey, apart from the level of environmental awareness, institutional trust and economic factors, flood risk perception is another factor which influences the decision for participation regarding NWRMs. Further research is needed so that farmers' willingness to participate in different NWRMs can be elicited regarding flood risk management, as at the present moment no such research has been undertaken. Exploring positive aspects as well as drawbacks in farmers' participation in AEMs is a good starting point, because of the overlap between the latter and the NWRMs.

Conclusion

Natural water retention measures suggest new notion for flood risk management, part of the ecosystem-based approach. The recognition of ecosystems services and their role for disaster regulation is gaining strength but still research is needed in this field. Exploring the current policy context, in which NWRMs can be introduced lead us to the Flood Directive and the Flood Risk Management Plans on one hand and the agri-environment measures on the other hand. Currently in Bulgaria the prevailing type of measures for flood risk management in the context of ecosystem-based approach are those for afforestation of riverbanks and protection of erosion. The Flood Risk Management Plans do not suggest specific measures at farm level as developed in EU platform for NWRMs. It should be noted that some of these measures correspond to those included in Common Agricultural Policy and it should be further examined whether it is possible to achieve some level of flood risk management in the context of ecosystem-based approach using the mechanisms of CAP. For this purpose, thorough examination of the factors that influence farmers' participation in AEMs is needed. According to the expert opinion, bureaucracy problems (administrative), large amount of requirements and lack of institutional trust have an influence on farmers' decisions. Also the environmental awareness has an influence on farmers' participation in AEMs, as well as their level of education and work experience. More focus should be put on flood risk perception of farmers as prerequisite for the implementation of such measures. Other incentives and forms of participation should be also examined in order to see how farmers' participation could be motivated in the implementation of NWRMs for flood risk reduction.

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Implementation of community information systems to support students protection systems within the educational environments of our country.

MANIATOPOULOU G ANGELIKI

A E I P E I R A I A T T, MANAGEMENT DEPARTMENT, ASSISTANT PROFESSOR

amaniat@teipir.gr

ABSTRACT

The construction of the students protection systems to date within the educational environments of our country is one of the targets of first priority. The information processing - concerning the student's personality, the student's family and his or her personal environment in villages or in the neighborhoods of a city - seems to be poor without the support of contemporary community information systems. Measurements of the quality of life in villages and neighborhoods of cities present rapid changes of the values of social subjective or objective indicators in specific time periods, which result unsafe estimates - like in cases of applied strategies of political parties to gain voters. In other examples, social graphs present wrong information gathering from one neighborhood to another, from one village to another. Moreover, the curves of the trends of several indicators show oft the unsafe local conditions for a good information processing, and so on. The present scientific work deals with some cases of such local environments, where the social graphs , the curves of the trends of the indicators, and other measurements suggest the implementation of community information systems.

KEYWORDS : community management, neighborhood information systems, social networks, social local indicators, estimation

1. Introduction

For all educational communities of a country **'Community Information Systems'** are subsystems of the **'Education Management Information System'{ EMIS }[1].** Their main targets are '**the quality of life within the educational environments'** of the communities. They are divided into subsystems, like 'health services subsystem', 'athletic services subsystem', 'social activities subsystem, 'students jobs subsystem', etc. They cooperate with Community Information Systems of local environments of villages or Municipalities of cities by the target to send and receive accurate and valuable qualitative and quantitative pieces of information to be processed .

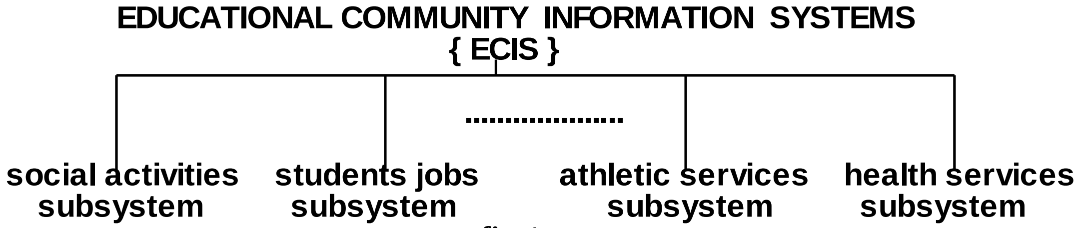


fig.1

Cooperative Community Information Systems , nowadays, offer a network-based information processing of good quality, within the local environments of a country.

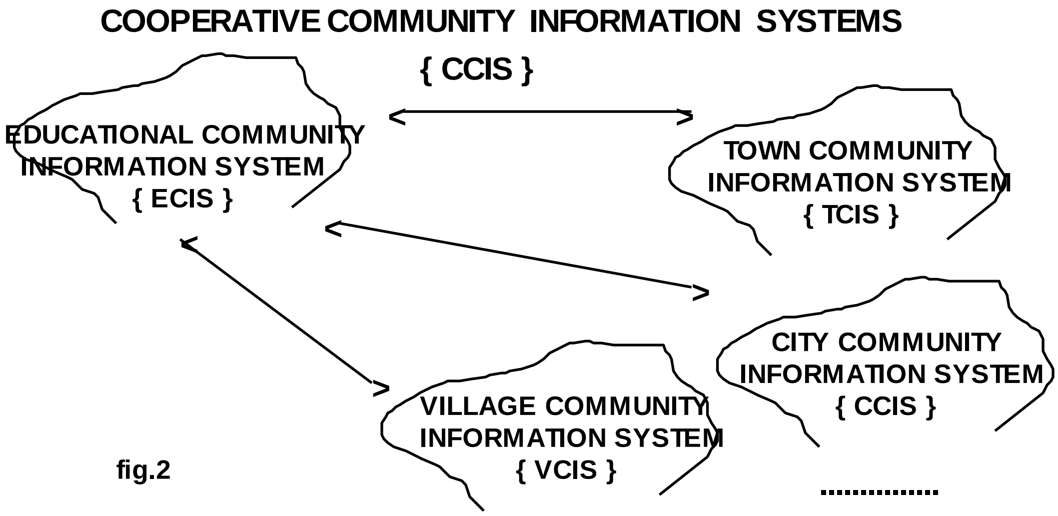


fig.2

Several scientific theories and methodologies contribute for the effective functions of those systems, which oft present (a) a complexity within their components structures, (b) high risks in operating environments, (c) uncertainty factors during the decisions making processes, etc . The scientists try to face all those problematic situations with respect to ethical and social issues in the context of Information Systems.

‘‘... Knowledge of ethics as it applies to the issues arising from the development and use of information systems helps us make decisions in our professional life. Professional knowledge is generally assumed to confer a special responsibility within its domain. This is why the professions have evolved **codes of ethics**, that is, sets of principles intended to guide the conduct of the members of the profession...’’ [V. Zwass, Foundations of Information Systems, p.613]

‘‘...Social networks analysis (SNA) provides a means for modeling and understanding human-to-human interaction in organizations. Cross and Parker (2004) discuss the use of SNA in business organizations, while Carley (2003) focuses on their use for intelligence work in identifying and understanding terrorist networks...’’

[S. Robison, Handbook of Dynamic System Modeling, p.31-5]

‘‘...**Social quality**

As described in Sects. 2.3.5 and 2.4 , and in Sect. 6.1.1 in this chapter, agreement both on the measures used to judge process improvement, and the final process are important. Often, a final process is based on a merge of several processes, e.g. different processes from different department, or the existing process merged with the process implied through a procured software system such as an ERP system. In this regard, mechanisms for comparison of different models would be useful...’’

[J. Krogstie, Model-Based Development and Evolution of Information Systems, p.289]

‘‘... 6. A Formal Definition of Culture. The Version with States This section presents a preliminary version of the definition of culture with states. Traits and agents are defined as in Sect.3. To model changes in the set of traits of an agent and consequently, changes in culture, we use the notion of state. We assume that the world can be in different states and the set of traits of the same agent can be different in different states....In the following, we call the set of traits of an individual *the culture of an individual...’’*

[K.Sycara M.Gelfand A. Abbe, Models of Intercultural Collaboration and Negotiation, p.15]

‘‘...Although static modeling of such a process can reveal valuable information about the structure and organization of business processes and the relation with the involved actors, a simulation model can provide more insight into the behavior of the business system...[p.16]’’

‘‘... A dynamic model of the application process is made with the Arena software package (Kelton et al., 2002) to create an overview of the complex multi-actor system showing the time-ordered dynamics...’’[p.23]

[A. Albani, J.Barjis, J.Dietz, Advances in Enterprise Engineering III : Sun-Barjis- Verbraeck-Janssen-Kort ‘Capturing Complex Business Processes Interdependencies Using Modeling and Simulation in a Multi-actor Environment’ p.16-27]

‘‘.......The benefits of ERP systems are usually overestimated by ERP vendors. Promises are made about performance such as rapid return on investment (ROI) and fast decision making, but such claims need to be researched and tested in order to verify them. Research results indicate that many benefits have been achieved after ERP adoption including operational efficiency, communication efficiency and information efficiency (Erlagal and Al-Serafi,2011). Meanwhile, other research claims that benefits of ERP implementations are hard to define, since most of them are not measurable....’’

[K. Laudon, J. Laudon , A. Erlagal , Management Information Systems , 8th chapter, p. 309]

2. Some important theories and methodologies to support ECIS and CCIS

A **‘multi-approach decision making’** seems to be necessary for accessing valuable and efficient measurements in local educational units,because of the complexity of their systems.

Several scientific theories and methodologies contribute by offering valuable models, methods and results. I try to present some of them briefly in this section.

2.1 The Automata Theory

There are various automata domains with very interesting models and methods, like 'tree automata', 'deterministic finite automata', 'non-deterministic finite automata' , 'group automata', 'cellular automata', etc. Various applications on the behavior of actors in local environments, like the cases of 'the consumer behavioral automata'and 'the students behavioral automata' are also well-known and well-approved. So, for an easy understanding at first, I explain 'the deterministic finite automaton' for some behavioral applications in school environments. I give examples in the next section.

'....A **deterministic finite automaton** or **dfa** is a quintuple **M = { Q, Σ , δ , qo , F }**

where

Q is a finite states of internal states

Σ is a finite set of symbols called the input alphabet

δ : Q x Σ ----> Q is a total function called the transition function

Q ???qo is the initial state

F <u>C</u> Q is a set of final states ...''

[P.Linze, An Introduction to Formal Langueges and Automata, p.38]

an example :

Let have a dfa with 4 states qo, q1, q2, q3 , **δ(qi, j) = qr**

with an initial state qo, a final state q2 , and

the paths qo--->q1 q1--->q2 δ(qo,1) = q1 δ(q1,2) = q2

qo--->q2 δ(qo,3) = q2

qo--->q3 q3--->q2 δ(qo,2) = q3 δ(q3,1) = q2

qo ---> q1 q1---> q3 q3--->q2 δ(qo,1) = q1 δ(q1,1) = q3 δ(q3,1)=q2

M = { Q, Σ, δ, qo, F }

where

Q = { qo, q1, q2, q3 }

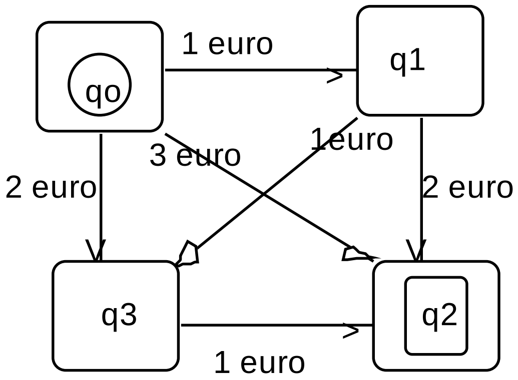
Σ = { 1euro, 2euro, 3euro }

δ = Q x Σ ---> Q

qo is the initial state

F = { q2 } , the final state

transition graph



transition table

d(qi , j) = qr

	1	2	3
q0	q1	q3	q2
q1	q3	q2	
q2			
q3	q2		

fig 3

There are a lot of applications based on deterministic finite automata in community environments. They may be constructed for specific purpose or general purpose use.

‘‘....**Finite-State Machines**. We now present the definition of finite-state machines,

their composition and bisimulation, as defined in [13]. Finite-state machines are basically finite-state processes of CCS [10] with composition that contains an implicit restriction of all synchronization actions. A finite-state machine is thus a finite LST equipped with a symbol t not in Σ....’’[paper : N. Bense, I. Cerna, and F. Stefanak ,2012, Factorization for Component-Interaction Automata, p. 558]

‘‘...Παράδειγμα 1ο . Ας πάρουμε

Q = {qo,q1} και X = {a, b}

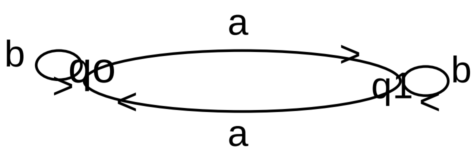
τότε την απεικόνιση δ : Q x X ---> Q που ορίζεται από τον πίνακα (1)

μπορούμε να την παραστήσουμε

με το ακόλουθο διάγραμμα (2)

δ	a	b
qo	q1	qo
q1	qo	q1

(1)



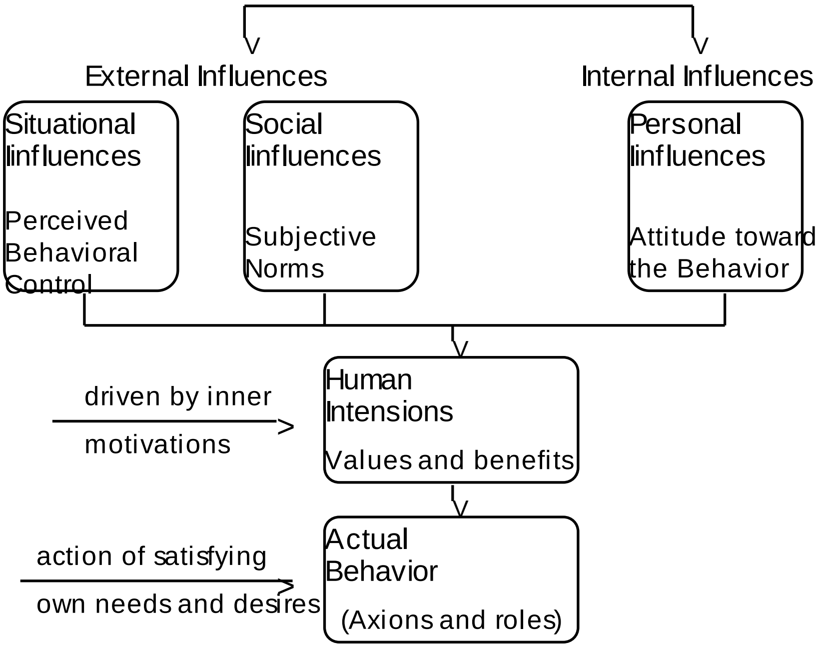
(2) ....’’

fig.4

[Σ. Μποζαπαλίδη , Εισαγωγή στη Θεωρητική Πληροφορική, σ. 47]

2.2 Reasoned Action Theory {TRA}and Planned Behavior Theory {TPB}

‘‘...**Abstract.** The Theory of Planned Behavior (TBP) is a social-psychological model that has been - and still - extensively applied within the domain of Information Systems in predicting , examining, and explaining human behavior. It is a compre-hensive model positing that the actual behavior is driven by human intentions that are influenced by personal, social, and situational factors...’’ [p.219]



Theory of planned behavior(compiled after Ajzen 1991) [p.223]

fig.5

[E. AI-Lozi, A. Papazafeiropoulou, Intension-Based Models: The Theory of Planned Behavior

Within the Context of IS, p.219-239]

‘‘......**Integrating Social Axioms into the Theory of Planned Behavior**

According to Leung and Bond (2004), social axioms serve four functions :

(1) to facilitate the attainment of individuals’ important goals(instrumental),

(2) to help individuals protect their self-worth (ego-defensive),

(3) to serve as a manifestation of individuals’ values (value-expressive), and

(4) to help individuals understand the world (knowledge).

In light of these functions, social axioms facilitate the channeling of individuals’ behavior, ‘‘and provide mechanisms for explaining personal outcomes, interpersonal exchanges and environmental events, both human and physical’’ (Leung & Bond, 2004, p.131). More specifically, in their capacity as knowledge that helps the individuals understand the world, social axioms function as *generalized expectancies*....’’ [p.220-221]

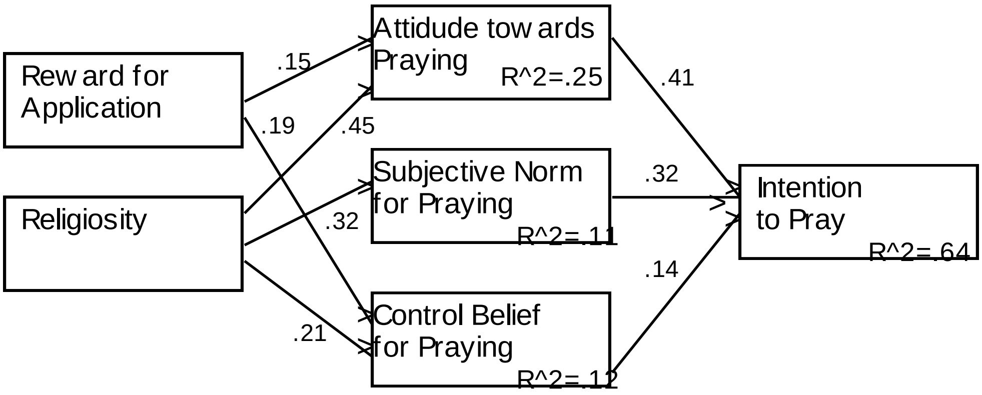


fig. 6 A full path model predicting the intention to pray [p. 233]

[**A. Liem, S.Hidayat, S.Soemarno,**

Do General Beliefs Predict Specific Behavioral Intentions in Indonesia ?

The Role of Social Axioms within the Theory of Planned Behavior, p.217-238]

2.3 Curve Trends and Recursive Algorithms

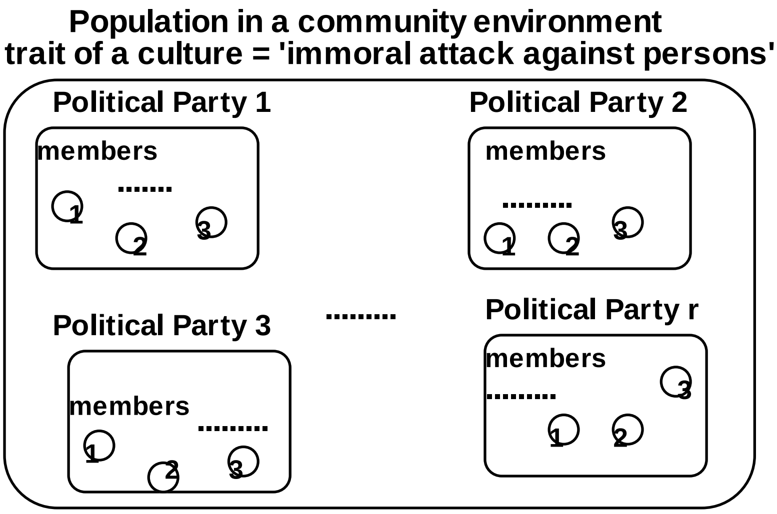


fig.7

Within the environment of a community, the population - as a set- can be partitioned in subsets by using a criterion, that is, ‘member of a political party’. By using this specific trait, curves are formed from the values of measurements - one for every subset .

The rapid change of the opinions of the persons because of applied strategies of politicians make the datasets unstable and unsafe within the process of decision making. Moreover, other reasons result such unsafe conditions in villages and in neighborhoods of towns and

cities, like the persons bad behaviors against others, etc. In educational environments such unstable datasets are very dangerous for estimation. Curves as those of the next figure, suggest immediate implementation of contemporary **community information systems**, so that the measurements of some environmental conditions and other factors can be done in specific time periods, as soon as possible. **The protection of students, educators and employees is a subject of first priority.**

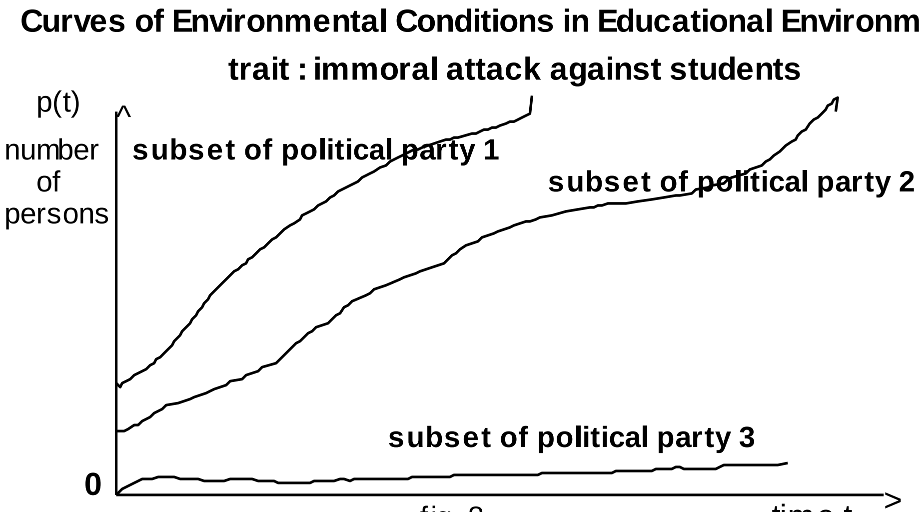


fig. 8

The political parties of high risks{ bad attacks again students}are obvious in fig. 8 :

high risks : **subset of political party 1** and **subset of political party 2**

The applied behavior strategies of the political parties within the environments of educational units or villages or neighborhoods of towns and cities are measurable.

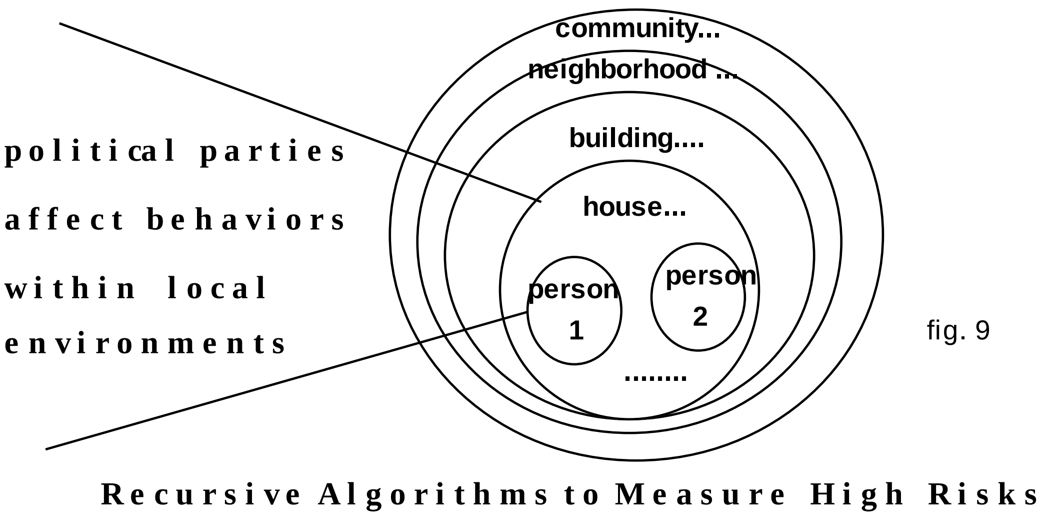


fig. 9

2.4 Rough Set Theory

‘‘....The problem of imperfect knowledge has been tackled for a long time by philosophers, logicians and mathematicians. Recently it became also a crucial issue for computer scientists, particularly in the area of Artificial Intelligence....

...Rough set theory proposed by Z. Pawlak in (1) presents still another attempt to this problem.

The theory has attracted attention of many researchers and practitioners all over the world, who contributed essentially to its development and applications...

.Example 3.2 Consider a decision system S = (U, AV{e}), ‘V’ means ‘union’, where the set of objects U={u1,u2,...u6}, and the set of conditions A={a, b, c, d}. The decision is denoted b e. The possible values of conditions and the decision from S are defined as in Table 11....

rough set theory approach

U \ AV{e}	a	b	c	d	e
u1	1	1	1	1	0
u2	1	1	2	1	1
u3	2	0	1	2	0
u4	2	0	2	2	0
u5	2	0	1	1	0
u6	2	0	2	1	0

Table 11

fig 10

Using standard rough sets methods for generating rules and computing certainty factors of rules, we compute all (deterministic and non-deterministic) decisions and conditional rules from S together with appropriate certainty factors....’’

[Zbigniew Suraj, An Introduction to Rough Set Theory and Its Applications, Tutorial]

It is not the purpose of this Paper to deal with Mathematics. For more information on Rough Sets Theory , the reader can study ‘Rough Sets‘ by Zdzislaw Pawlak. Rough sets software offer powerful software tools, like Rose2, Rosetta, R with Rough Sets package, etc. Those tools at most have as an input dataset a simple table like Table 11. The processing methods offer valuable results for cases of uncertainty.

2.5 Social Graphs and Social Networks

‘‘... **DEFINITION 1.3.1**: A graph G consists of a finite non empty set V = V (G) of p

points (vertex, node, junction O-simplex elements) together with a prescribed set X of q unordered pairs

of distinct points of V.

Each pair x = {u, v} of points in X is a line(edge, arc, branch, l-simplex element) of

G and x is said to join u and v. [p. 54]

DEFINITION 1.3.6 : A Fuzzy Cognitive Map{FCM}is a directed Graph with concepts like policies

events etc as nodes and causalities as edges. It represents causal

relationship between concepts [p.63]

DEFINITION 1.3.7 A Fuzzy Relational Map {FRM} is a directed graph or map from D to R with

concepts like policies or events etc as nodes and causalities as edges. It presents causal relation between

spaces D and R. [p. 65]

...We form the directed graph of four experts opinion, we obtain the corresponding relational matrices. Finally we will get the combined effect. The figures 2.2.2.2 to 2.2.2.5 correspond to directed graphs of the expert opinion. [p.155] .First expert’s opinion in the form of the directed graph and its relational matrix is given below :

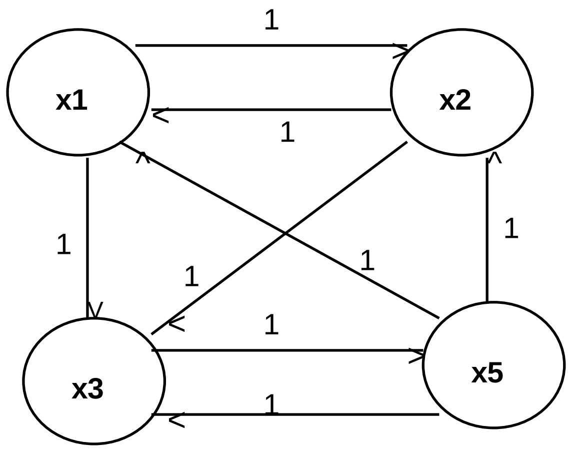


fig.11

FIGURE 2.2.2.2

[p.155]

relational matrix

$$E_1 = \begin{bmatrix} 0 & 1 & 1 & 0 & 0 & 0 \\ 1 & 0 & 1 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 1 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 \\ 1 & 1 & 1 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 \end{bmatrix}$$

fig 12

[p.156]

the directed graphs of the 3 experts along with their relational matrices follow , the algorithm combines all those input data and the outcome is a new directed graph with its relational matrix .This outcome indicates the combined opinions of the 4th experts.

[W.V. Kandasamy, F. Smarandache, K. Ilanthenral, ELEMENTARY FUSSY MATRIX THEORY AND FUZZY MODELS FOR SOCIAL SCIENTISTS]

3. Some examples in educational environments

3.1 Behavioral models in educational environment, work load, gpa

every day : student' s behavioral model on campus

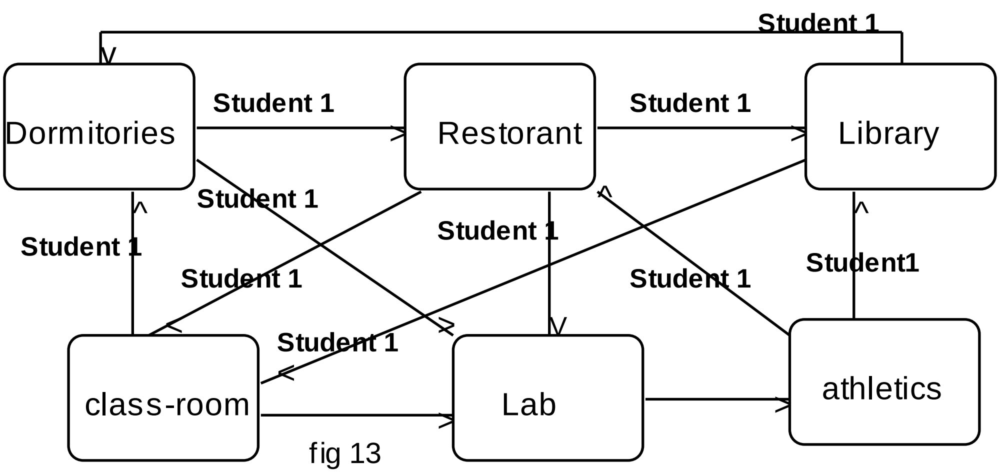


fig 13

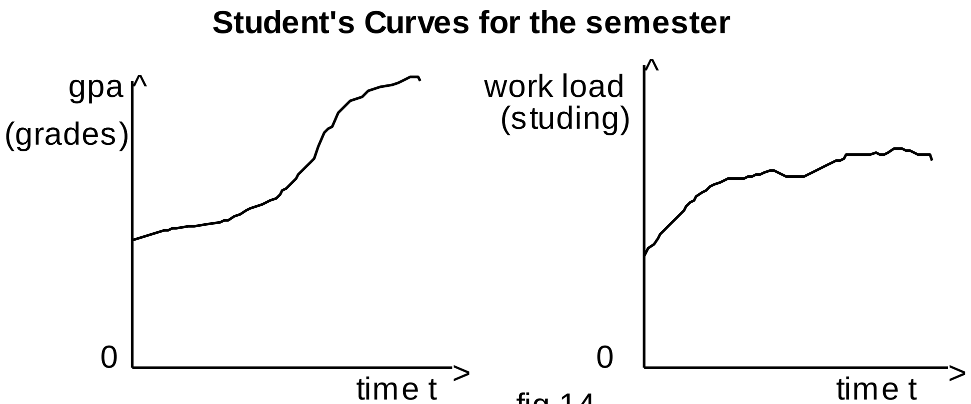


fig 14

the decision for the student on campus is : he or she has a good standing on campus figure 13 suggests a dfa to represent the student behavior on campus.

3.2 Bad attacks against students in different environments

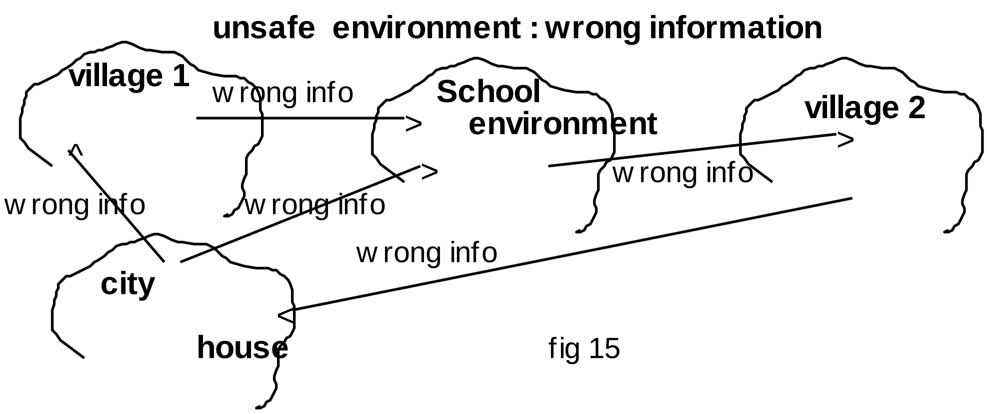


fig 15

Opinions Graphs will be a good tool for processing the datasets in figure 15.

4. Conceptual Models : Ontologies

‘‘...**3.2.1 BWW-Bunge-Wand-Weber**

The development of the *representation theory* that is known as the Bunge-Wand-Weber model stemmed from the perception that, in their essence, computerized information systems are representations of real world systems. Wand and Weber (1990, 1993, 1995) suggest that the use of philosophical ontology may help define and build information systems that faithfully represent real-world systems. Ontology is a well-established theoretical domain within philosophy that deals with identifying and understanding elements of the real wold(Bunge, 2003).Wand and Weber adopted an ontology defined by Bunge(1977) and from this derived a theory of representation for the information systems discipline that has become widely known as the Bunge-Wand-Weber (BWW) representation model. [p.104]

The UEML ontology was first populated with a set of initial classes, properties, states, and tranformations derived directly from the BWW model. Since then it has evolved and grown as new constructs have been added...'' [p.106]

[J. Krogstie , Model-Based Development and Evaluation of Information Systems]

During the Life Cycle Model of an information system, the phase of the system's design is very important from the point of view of selecting methodologies, models and methods to empower the ontologies of the system. Some scientific domains and methodologies I have presented in the above paragraphs, because I have suggested contemporary community information systems.

5. Conclusions

THE FIRST PRIDE OF A SCIENTIST OR A POLITICIAN OR AN EMPLOYEE OR

A STUDENT etc IS THE QUALITY OF THE ENVIRONMENT AND THE QUALITY

OF THE SERVICES ALONG WITH THE RESPECT TO OTHER PERSONS IN THE SAME

OR IN OTHER ENVIRONMENTS. THEREFORE CONTEMPORARY COMMUNITIES

INFORMATION SYSTEMS SEEMS TO BE NECESSARY TO SUPPORT PROTECTION

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On a bounded rational monopolist with a general form of demand and cost functions

Sarafopoulos Georges[1] , Papadopoulos Kosmas[2]

[1] Professor, Department of Economics, Democritus University of Thrace, Komotini, 69100 Greece,

email:gsarafop@econ.duth.gr

[2] Graduated student, Department of Economics, Democritus University of Thrace, Komotini, 69100 Greece, email:hurdlerofthrace@yahoo.gr

Abstract

In this paper we extend the work done by Sarafopoulos, G., 2014 (Sarafopoulos, G., Complexity in a monopoly market with a general demand and quadratic cost function, Procedia Economics and Finance, 19, 122-128). We present a monopoly model in which it is assumed that the entire demand and cost functions have general non-linear forms. The equilibrium state of a bounded rational monopolist model is studied. The model's equilibrium is equal to the level of price that maximizes the profits, as can be seen in the classical microeconomic theory. However, complex dynamics can arise and the stability of equilibrium state is discussed. The complex dynamics, bifurcations and chaos are displayed by computing numerically Lyapunov numbers and sensitive dependence on initial conditions.

Keywords: Monopoly, Difference Equation, Equilibrium, Stability, Sensitive dependence on initial conditions, Chaotic Behavior.

Jel Classification Codes: C61, C62, D42

1. Introduction

In recent years, many researchers have demonstrated that economic agents may not be fully rational. Even if one tries to do more efforts to perform things correctly, it is important to utilize simple rules previously tested in the past (Kahneman *et al*. 1986; Naimzada and Ricchiuti, 2008). Efforts have been made to model bounded rationality to different economic areas: oligopoly games (Agiza, Elsadany, 2003, Bischi *et al*, 2007); financial markets (Hommes, 2006); macroeconomic models such as multiplier-accelerator framework (Westerhoff, 2006). In particular, difference equations have been employed extensively to represent these economic phenomenons (Elaydi, 2005; Sedaghat, 2003).

Oligopolistic market structures have a distinguishing feature that is the output, pricing and other decisions of one firm affect, and are affected by, the similar decision made by other firms in the

market. Indeed, game theory is one of the important tools in the economists' analytical kit for analyzing the strategic behavior of this market (Gibbons, 1992, Webb, 2007). Various empirical works have shown that difference equations have been extensively used to simulate the behavior of monopolistic markets (Abraham *et al*., 1997; Elaydi, 2005; Sedaghat, 2003).

The canonical approach of the monopoly theory is essentially static and the monopolist has full rationality: both perfect computation ability and large informational set in such a way that she can determine both quantity and price to maximize profits. However, in the real market producers do not know the entire demand function, though it is possible that they have a perfect knowledge of technology, represented by the cost function. Hence, it is more likely that firms employ some local estimate of the demand. This issue has been previously analyzed by Baumol and Quandt, 1964, Puu, 1995, Naimzada and Ricchiuti, 2008, Askar, 2013. Naimzada and Ricchiuti evaluate a discrete time dynamic model with a cubic demand function without an inflexion point and linear cost function. Askar extends the work done by Naimzada and Ricchiuti with a general demand function.

In this paper, the equilibrium state of a bounded rational monopolist model is studied. It is assumed a general demand and cost functions which defer by one degree and in this way we extend the work done by Askar, 2013. We show that complex dynamics can arise and the stability of equilibrium state is discussed. the complex dynamics, bifurcations and chaos are displayed by computing numerically Lyapunov numbers and sensitive dependence on initial conditions.

2. The model

The inverse demand function has a general form, it is downward sloping and concave:

1. $$p = a - bq^{n-1}, \quad n \in \square, \quad n > 1 \tag{1}$$

2.

where p indicates commodity price, q indicates the quantity demand, and a and b are positive constants. The downward sloping is guaranteed if:

$$\frac{dp}{dq} = -b(n-1)q^{n-2} < 0 \tag{2}$$

that is if b>0.

The quantity produced, q, is positive and non-negative prices are achived if

$$0 < q < \sqrt[n-1]{\frac{a}{b}} \tag{3}$$

We suppose that the cost function is given by a general non-linear n-degree function:

$$C(q) = cq^n \tag{4}$$

Moreover, we assume the general principle of setting price above marginal cost, p-c>0, for each non negative q; that is, a>c. The main aim of the firm is to maximize the following profit function:

$$\Pi(q) = pq - cq^n = aq - (b+c)q^n \tag{5}$$

The function is concave and given the following first order condition:

$$\frac{d\Pi}{dq} = a - n(b+c)q^{n-1} = 0 \tag{6}$$

The marginal profit is strictly decreasing with range in the interval $(-\infty, a]$, therefore Eq. (6) has unique solution q* in this interval and the profit has a maximum at q*. If Π(q*)>0 a positive equilibrium production is guaranteed.

To achieve increasing profits, it is assumed that locally the monopoly firm, using a gradient mechanism, lokks at how the variation of quantity affects the variation of profits. A positive (negative) variation of profits will induce the monopolist to change the quantity in the same (opposite) direction from that of the previous period. No changes will occur if profits are constant. This mechanism can be represented as follows:

$$q(t+1) = q(t) + k\frac{d\Pi q(t)}{dq(t)} \ , \ \ t = 0,1,2.... \tag{7}$$

where k>0 is the speed of adjustment to misalignments. Substituting Eq. (6) in (7), we obtain the following one-dimensional nonlinear difference equation:

$$q(t+1) = q(t) + k\left[a - n(b+c)q^{n-1}(t)\right] \tag{8}$$

Dynamical Analysis

Equilibria and Stability

If
$$f(q) = q + k\left[a - n(b+c)q^{n-1}\right] \tag{9}$$

The fixed points of Eq. (8) are the solutions of the equation $f(q) = q$, and then the fixed point is the solution of Eq. (6)

$$q = q^* \tag{10}$$

and we find the unique equilibrium point that is:

$$q^* = \sqrt[n-1]{\frac{a}{n(b+c)}} \tag{11}$$

Since

$$\frac{df}{dq}(q^*) = 1 + k\frac{d^2\Pi}{dq^2}(q^*) \tag{12}$$

The steady state is locally stable if:

$$\left|1+k\frac{d^2\Pi}{dq^2}\left(q^*\right)\right|<1 \tag{13}$$

Or, equivalently,

$$0<k<k^*=\frac{2}{\left(n-1\right)\cdot\sqrt[n-1]{n\left(b+c\right)a^{n-2}}} \tag{14}$$

It follows that:

Propotition: *The unique steady state which is exactly the quantity that maximizes profits is locally stable if:*

3. $0<k<k^*=\dfrac{2}{\left(n-1\right)\cdot\sqrt[n-1]{n\left(b+c\right)a^{n-2}}}$

2.1 Numerical Simulations

The previous result indicates that a limited reaction of the monopolist to changes in profits can stabilize the quantity produced. On the other hand turbulences in the market are generated by an overreaction. To shed some light on what really happens in the market we employ a numerical analysis. Fixing the other parameters of the model as follows:

4. $a=8,\ \ b=1,\ \ c=0.5$ (15)

Then,

5. $n=4\ \Rightarrow\ q^*\approx 1.1,\ \ k^*\approx 0.0917$ (16)

The dynamic map (8) satisfies the canonical conditions required for the flip bifurcation (Abraham *et al*., 1997) and there is a period doubling bifurcation if k=k*. When k<k*, a unique asymptotically stable period two-cycle arises.

We graphically show how the behavior of the map Eq. (8) changes for different values of the reaction coefficient, k. (Kulenovic, M., Merino, O., 2002). In Fig. 1, we show the map Eq. (8) when k=0.08. From Eq. (14), the steady state is asymptotically stable. In Fig. 2, we show the particular set of parameters that determines a period two-cycle, actually, with k=0.10. further growth of k leads the attractor to follow a typical route of flip bifurcations in complex price dynamics: a sequence of flip bifurcations generate a sequence of attracting cycles in period 2^n,

which are followed by the creation of a chaotic attractor. In Fig. 3, a cycle of period four is shown. To clarify the dynamics depending on k, we have reported a bifurcation diagram in Fig. 4. It shows different values of quantity for different values of k, particularly between 0 and 0.14. It is easily illustrated that we move from stability through a sequence of a period doubling bifurcations to chaos. In Fig. 4 are represented also Lyapunov numbers of the orbit of 0.01, for k=0.14, versus the number of iterations of the map (8). If the Lyapunov number is greater of 1, one has evidence for chaos. To demonstrate the sensitivity to initial conditions of Eq. (6), we compute two orbits (100 iterations of the map) with initial points q_0 and q_0+0.0001 respectively. The results are shown in Fig. 5. At the beginning the time series are indistinguishable; but after a number of iterations, the difference between them builds up rapidly.

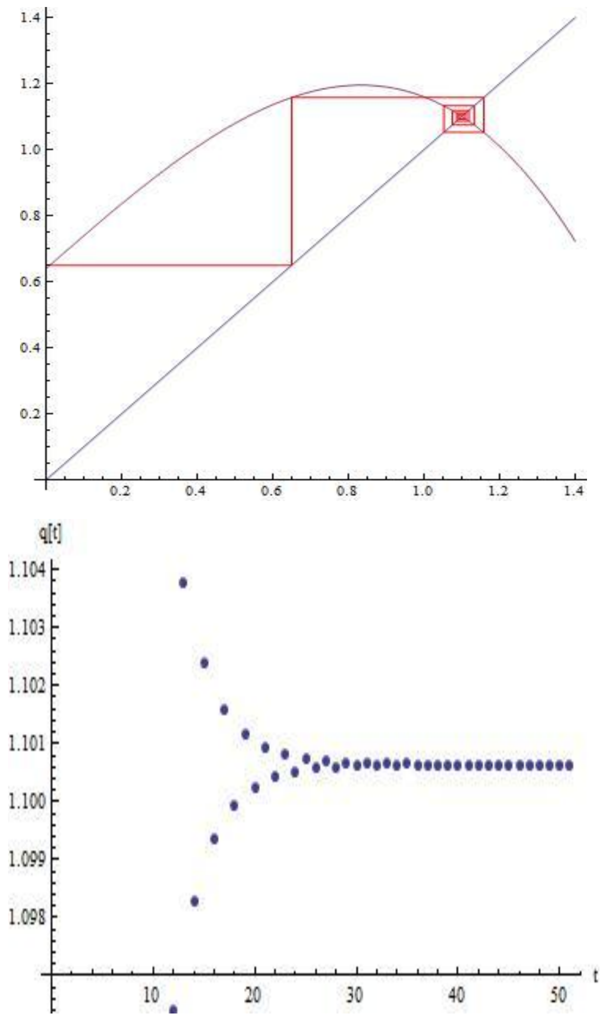


Fig. 1. Convergence, for a=8, b=1, c=0.5, n=4 and k=0.08

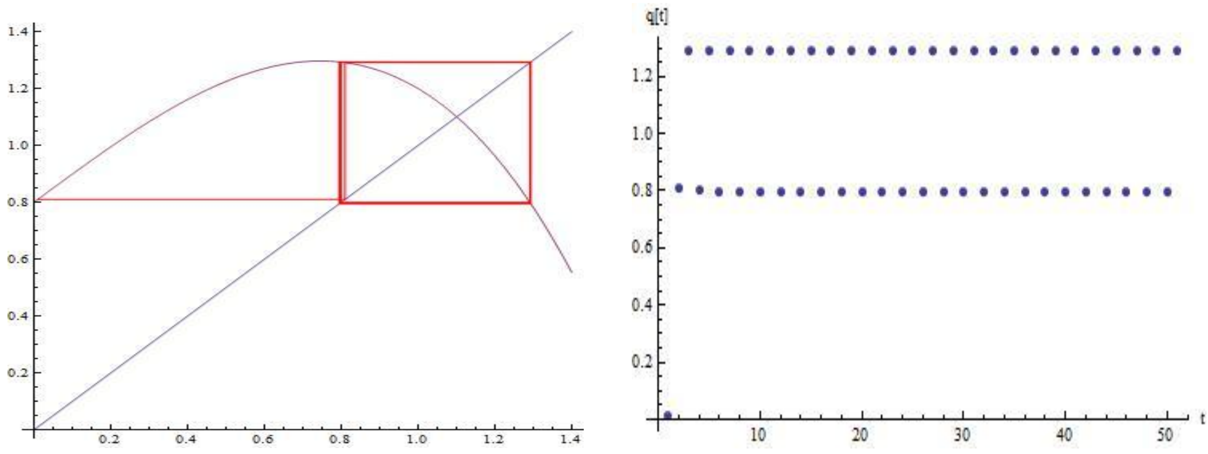


Fig. 2. Cycle of period 2, for a=8, b=1, c=0.5, n=4 and k=0.10

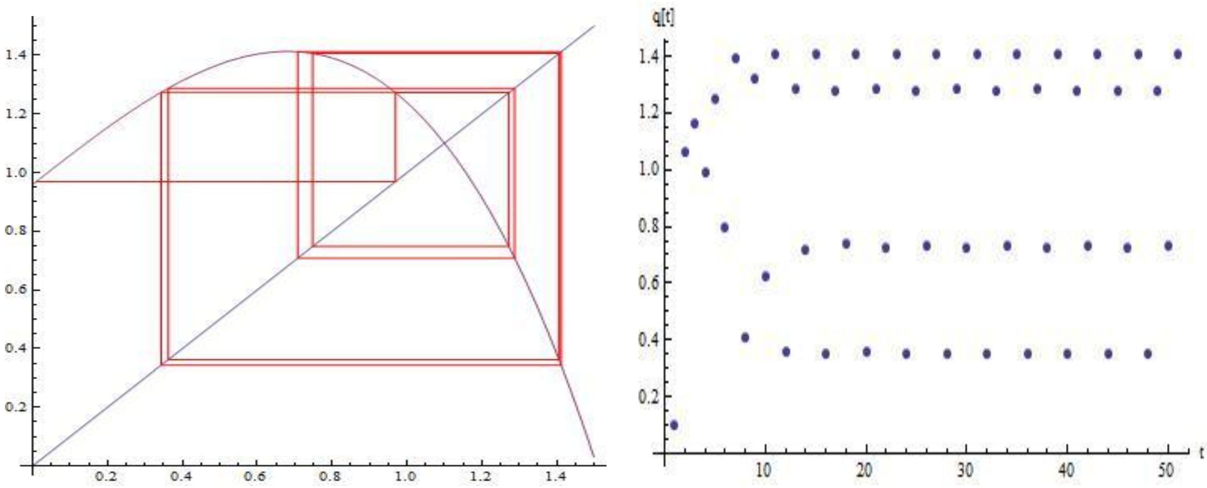


Fig. 3. Cycle of period 4, for a=8, b=1, c=0.5, n=4 and k=0.12

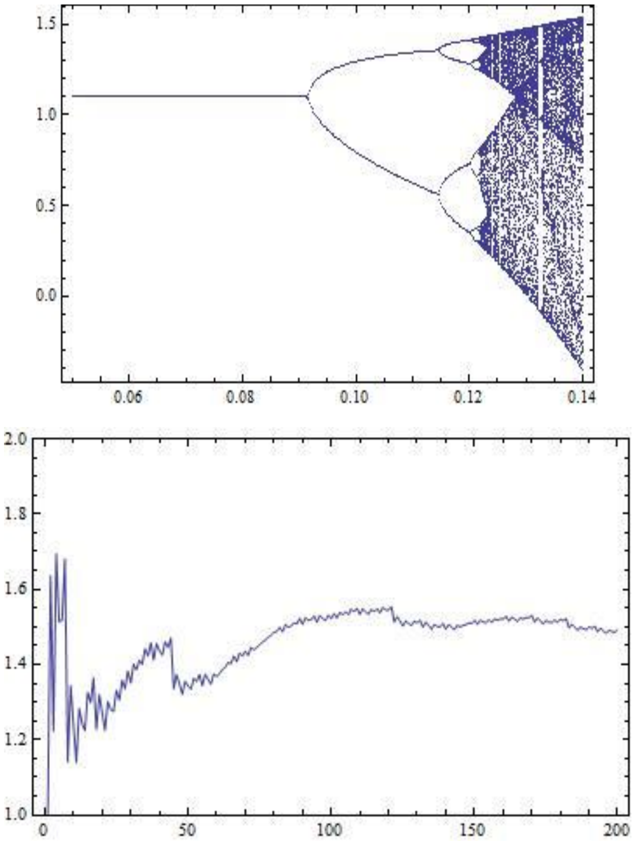


Fig. 4. For n=4, bifurcation diagram with respect to the parameter k against variable q, for q_0=0.01 and 550 iterations of the map (8) (left) and Lyapunov numbers of the orbit of 0.01, for k=0.14, versus the number of iterations of the map (8) (right).

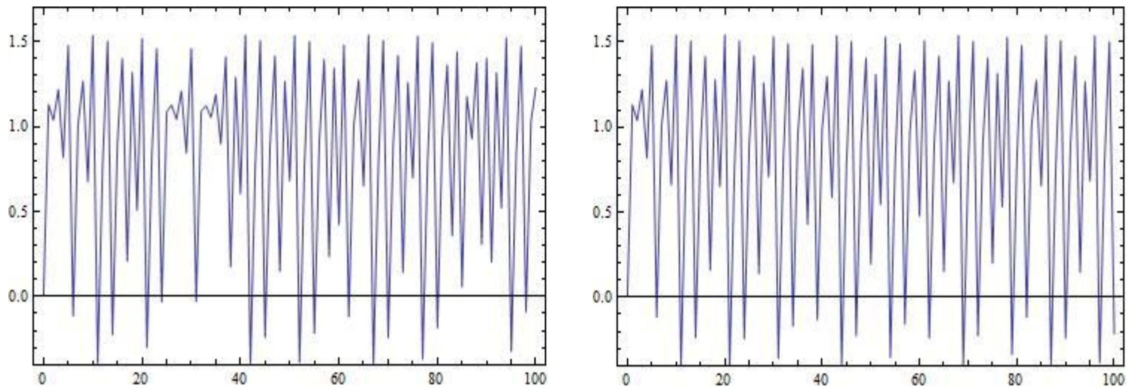


Fig. 5. For n=4, sensitive dependence on initial conditions: q plotted against the time, parameter value k=0.12 and initial condition q_0=0.01 (left) and q_0=0.0101 (right).

3. Conclusion

In this paper, we have analyzed the effects on the equilibrium of a monopoly when the monopolist has bounded rationality. Particularly, the monopolist, not knowing the entire demand function, employs a rule of a thumb to produce the quantity that guarantees the largest profits. the stedy state of the map is exactly the level of production that maximizes profits, as can be seen in the classic microeconomic theory. however, complex dynamics can arise. For

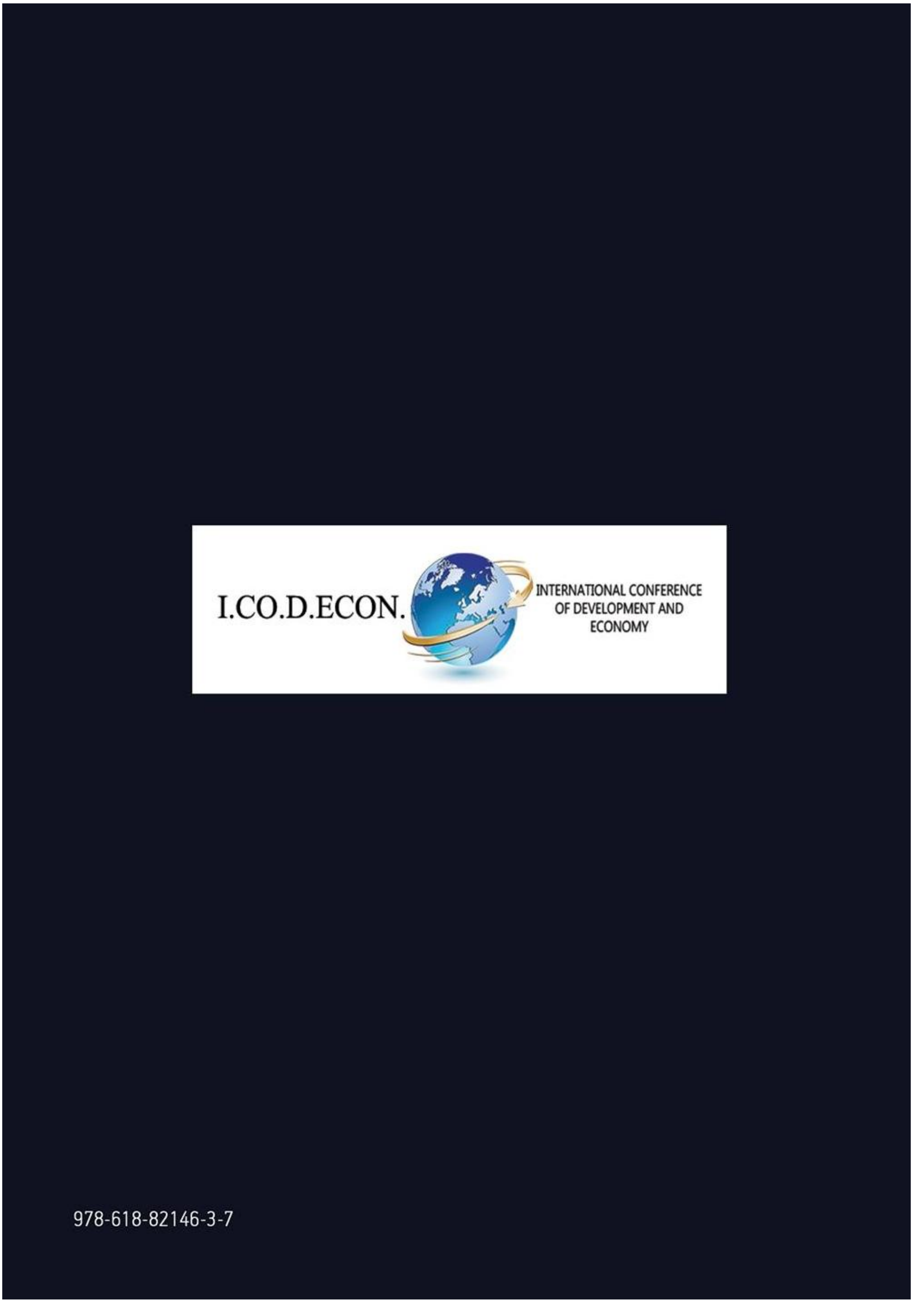
some values of a parameter there is a locally stable equilibrium which is the value that maximizes the profit function. Increasing these values, the equilibrium becomes unstable, through period-doubling bifurcation. The complex dynamics, bifurcations and chaos are displayed by computing numerically Lyapunov numbers and sensitive dependence on initial conditions. We achieve these results employing a discrete time dynamical model such as that used by Askar 2013; however, we use a quadratic cost function.

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